

FINANCIALIMES



COLLMY

Michelin

Tyre-making revolution shrouded in mystery

Technology, Page 12

American challenge

Will European business grasp Intranet potential?

Peter Martin, Page 14



Official boycotts

Selective purchase laws begin to bite



Today's survey

The Business of Travel

Separate section

World Business Newspaper http://www.FT.com

expansion fears

France has suggested to the US, Britain and Garmany that they hold a summit with Russia in a bid to overcome its objections to Nato enlargement. The move, which follows President Jacques Chirac's recent visit to Moscow, comes amid outspoken but conflicting Russian signals, arguing against Nato taking in new members from eastern Europe without Moscow's consent. Russian prime minister Victor Chernomyrdin said enlargement could boost support for Russian hard-liners. Page 16

US business fights sanctions threat: Thirty US companies have joined a campaign against the increasing threat of economic sanctions by the US. Countries affected account for between 40 and 50 per cent of the world's population. Page 10

Swiss banks' Holocaust fund: Credit Suisse Group, Swiss Bank Corporation and Union Bank of Switzerland will put up SFr100m (\$70m) to establish a fund to aid Holocaust victims and their families in a bid to restore Switzerland's tarnished reputation. Page 2

Clinton in tribute to Harriman:



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US president Bill Clinton paid tribute to Pamela Harriman, 76 the country's ambassa dor to France who died in Paris of a brain haemorrhage - saying she was "one of the most unusual and gifted people I ever met". The former daughter-in-law of Winston Churchill and widow of multi-million-

aire Averell Harriman enjoyed a life as wife or companion to some of the world's wealthiest and most powerful men. Obituary, Page 6 .

German gloom deepens: A sharp fall in German manufacturing orders and fears about unemployment added to the gloom over the

Israeli and Palestinian leaders postponed a meeting due today after the crash near southern Lebanon of two Israeli helicopters in which 73 soldiers died. The crash coincides with debate over Israel's involvement in Lebanon and its military death toll. Page 5

Vote bid on expatriates' pensions: British MPs should be allowed a free vote on whether the UK should spend an extra £255m (\$410m) a year to unfreeze the pensions of 433,000 British expatriates, a committee said. Page 11

parity" due to the rapid growth in Mexico's clothing exports to the US. They fear North America Free Trada Area restrictions could badly affect their \$6bn-a-year market. Page 10

Bank's failure 'unthinkable': Japan's finance minister Hiroshi Mitsuzuka reassured Nippon Credit Bank investors that its failure was "unthinkable" after fears of a liquidity crisis sparked bank share sell-offs. Page 17

inese government panal will today unveil plans to give the country's central bank more autonomy from the finance ministry. The ministry would iose power to order the delay of interest rate changes and other important policy decisions. Page 16 and Lex

richest governments have cut aid to developing countries as a proportion of gross national prod-uct in the lowest level for 45 years, partly over pressure to reduce budget deficits. Page 5

Rich nations in aid cuts: The world's

Toshiba, the Japanese consumer electronics to power engineering conglomerate, said its consumer products division will break even in 1997 for the first time in five years. Page 17 investors warn Ramos: The Philippines'

foreign business community warned President Fidel Ramos it is losing confidence in the country's privatisation process after court challenges to the award of contracts. Page 16 **Grim Russian jobs picture:** Unemployment

in Russia is far more acute than officially recognised, according to a new study, which chalanges more upbeat assessments by the International Monetary Fund and the World Bank.

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M STOCK MARKET SIDICES M GOLD

New York Innohime Dow Jones Ind Av6,848.11 NASDAO Composite _1,364.26	(+14.63) (-9.49)	Hew York: Comex (Feb) _\$345.6 (see
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THURSDAY FEBRUARY 6 1997

Nato summit with US finance firms in \$24bn alliance Russia urged on

Dean Witter, Discover and Morgan Stanley announce big merger 'of equals'

By Richard Waters and John Authers in New York

Dean Witter, Discover & Co and Morgan Stanley Yesterday unveiled a merger which will create the US's biggest securities and investment banking firm with a market value of

The deal, achieved by a investment firms jumped yesshare swap, brings together Morgan Stanlsy, one of Wall Street's most prestigious investment banks, which ranks among the leading corporate advisers and trading firms in the US and Europe, with a retail financial services house that has yet to venture overseas.

Dean Wittar's Discover credit card, meanwhile, has 6m customers, making it the biggest credit card issuer in the US.

The alliance, which touched off a wave of speculation on Wall Street that others would follow, will leave Dean Witter shareholders controlling 55 per cent of the combined group. The group will have annual

Mr Richard Fisher, chairman of Morgan Stanley, said his Schwab and AG Edwards,

company had proposed the merger, intended to pre-empt a wave of consolidation that would overtake the global investment banking industry. "If you believe that consolidation is inevitable, it makes sense to pick your partner." he

The share prices of other US

Another thundering I	nerd Page 15
Editorial Comment _	Page 15
Observer	
Lex	Page 16
Heading the bill	Page 20

terday as Wall Street looked for other possible configurations of retail brokers and investment banks. By bringing together Dean Witter's large network of retail brokers across the US and Morgan Stanley's underwriting and advisory businesses, the two would create a broad-based firm that only Merrill Lynch has so far succeeded in creating, analysts said.

Among shares to rise yesterday were those of retail broking firms such as Charles



Teaming up: dealers from the two US investment firms mull over the merger at the London futures exchange

whose retail networks were shares in Dean Witter for each seen as making them vulnera- share they currently bold. ble to takeovers. Pure investment banking and trading share prices on Tuesday, that firms, such as Donaldson Luf-represented an 11 per cent prekin & Jenrette and Bear mium to Morgan Stanley Stearns, also benefited from

the rally. merger, Morgan Stanley shareholders will own 45 per cent of Dean Witter, said the exchange

Based on the two companies' shareholders

Both sides depicted the deal Under the terms of the as a merger of equals. Mr Philip Purcell, chairman of

ment consultant at Tillinthe relative valuation of the two companies over the long term, rather than in the past month, when Dean Witter's stock has jumped in value.

Rivals and industry observers predicted that the two would face considerable problems in making the merger work. "There's a huge culture the group, receiving 1.65 ratio was intended to reflect said Mr Don McNees, a man

staked their reputation on

joining the first wave of Emu

ing a more difficult task in

though Italy is seen as fac-

ghast Towers Perrin. The two sides brushed aside comparisons with other, failed Wall Street marriages of the

past, such as that of Shearson and Lehman Brothers. Mr John Mack, president of Morgan Stanley, said the two were each merging from a position

Continued on Page 16

Roche buys US flavours company for \$1.1bn

Roche, tha Swiss pharma-

ceuticals company, is spending \$1.1bn to buy Tastemaker, a US synthetic flavours company. The move will dampen stock market speculation that Roche is about to launch a multibillion dollar drugs industry takeover. Shares in Zeneca, the UK

pharmaceuticals company which has been the subject of rumours of a Roche bid, fell 22%p to £17.37%p yesterday. Tastemaker is owned in

equal shares by Hercules and Mallinckrodt, US chemicals

Mallinekrodt said that during the next 18 months it would buy back up to \$250m worth of shares in addition in previously announced bnybacks. Hercules said it would also huy back shares. Shares in both Hercules and Mallinckrodt rose in early trading in New York.

The acquisition is Roche's biggest since it bought US drug company Syntex in an agreed \$5.8bn takeover in May 1994. It is an attempt by Roche to shore up its only poorly performing division. Givendan-Roure, which makes

flavours and fragrances. The division had 1996 sales of SFr1.4bn (\$985m), about 9 per cent of Roche's total sales, but profitability is below the company'e average. The deal met with a mixed response from investors, with Roche certificates falling

business, this is a reasonable

He said the deal would make Roche roughly equal biggest in the world flavours and fragrances market, Only US com-

Continued on Page 16 London stocks, Page 32 | tors, based on a list of assets

Prodi rejects idea of Italian Emu delay Turbulence returns to currencies

By Lionel Barber in Brussels

Mr Romano Prodi, Italian prime minister, yesterday reaffirmed Italy's "solemn commitment" in being among the founder members of economic and monetary union on Janu-He angrily rejected the idea

that Italy should wait until currency - a compromise being considered by senior central bankers and monetary Despite official denials in

Paris and Bonn, monetary officials say the idea of delayed entry - reported in yesterday's Financial Times - has been canvassed in Germany, the Netherlands and among central bankers for the past six

Mr Prodi is due to take his

Kohl in Bonn tomorrow, lobbying for tha German leader's support for early Emu mem-

The idea of delayed entry is being driven by the fear that,

case to Chancellor Helmnt if countries without a record of sound public finances and exchange rate stability join Emu early, they could under-

Bank and weaken the euro.

GDP in a sustainable fashion. also raacted sharply to the implication that Portugal might be a late entrant, At his meeting with Mr Kohl tomorrow, Mr Prodi is expec-

ted to point to proposals to bring forward next year's budget to this summer as a demonstration of his centre-left government's commitment to restore Italy's public finances.

mine the European Central Mr Prodi's office issued a statement in response to the The political dilemma has FT report, saying that the Ital-

grown as both Mr Prodi and ian government "deplores the Mr José Maria Aznar, his constant repetition of false Spanish counterpart, bave stories and unjustified statements, including from authoritative media, which have no foundation whatsoever."

The lira and italian bonds meeting the Maastricht public both rose slightly yesterday. deficit target of 3 per cent of on the grounds, market strategists said, that Italy seemed to Mr António Guterres, Portu- be guaranteed entry into Emu. it at a later de After an initial fall, the lira

closed LL7 higher against the D-Mark at L985.1. Italian BTP 10-year March futures also rallied, closing 0.83 higher at 130.55 on Liffe.

Additional reporting by Simon Kuper in London, Peter Norman in Bonn, David White in Madrid, and Peter Wise in Lis-

Lisbon angry, Page 3

Thai property developer defaults on \$80m eurobond

Somprasong Land, the Thai property developer, defaulted on its \$80m eurobond yesterday, sending the battered Thai stock market to its lowest level in more than four years.

The move raised concerns

about the ability of Thai prop-

erty companies to service their debta. It was no secret that Somprasong, which cited the circumstances in the property market for becoming the first Thai company to default on a

eurobond, did not have the money to pay a \$3.1m interest

But analysis had expected

Instead, Somprasong, whose

The company said in a letter

to Bankers Trust in London,

which acts as a trustee for the

bondholders, that it would

carry out a major capital and debt restructuring via discus-

sions with all company credi-

president was arrested in October on charges of falsifying

financial reports, has virtually

collapsed.

the company'e major Thai

make the interest payments.

SFr155 to SFr12,130 in Zurich. payment dus two weeks ago. "We think that Rochs should not be putting more money inin fragrances and fla- creditors to bail it out and vours," said Mr Genghis Lloyd-Harris, pharmaceuticals analyst with Credit Suisse First Boston in London. "But if they are going to keep the

"This is a fundamental change in the way troubled property companies are treated by their creditors," said an executive involved in dividing up the company's assets. "How this turns out will determine the pattern for other property companies."

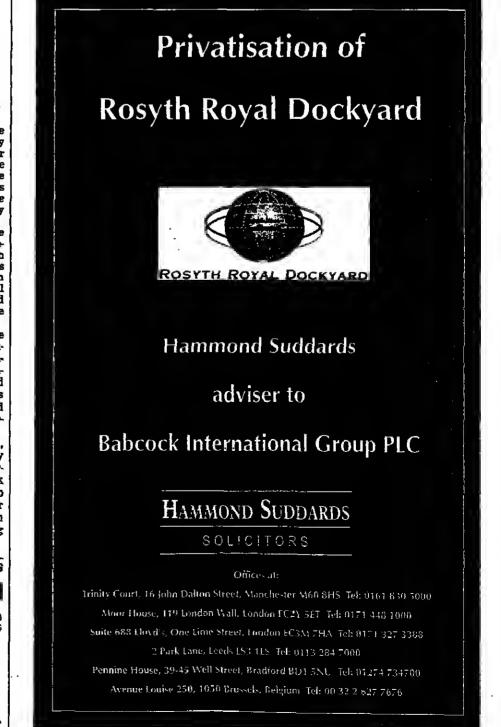
Analysts now say they are expecting more failures, especially among companies which invested heavily in Bangkok's residential property sector. An estimated 365,000 residential units are unoccupied and almost 100,000 more will be completed this year. Meanwhile, a plan to rescue

developers announced in January by the new Thai government has been unable to stimulate demand and has turned into an exercise in limiting ths exposure of Thai banks and finance companies to the property sectors.

Reflecting these concerns, the stock market's property sector fell 3.42 per cent yesterday, while the overall stock market eased 2.7 per cent to close at 744.59, down 10 per cent this year and more than 45 per cent since the beginning

World stocks, Page 36

World stocks, Page 36 | due to be ready by March 21. CONTENTS Gold Markets ... Int. Band Service Managed Funds ___ 27-29 Morney Markets _____25 Arts .. Recent leaves ... Arts Guide Stere Information ... 30,31



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LDIEROM - LEEBS - PARIS - FRANKFRIKT - STOCKHOLM - MADRIEL - NEW YORK - LOS ANGELES - TOKYO - BONG KING

EUROPEAN NEWS DIGEST

State-owned generator ordered to lead and finance switch to use of renewable energy supplies

By Hugh Carnegy and Greg

Sweden's power industry faces a big shake-up following the decision by the Social Democratic government to begin sbutting nuclear power plants.

The move follows a 1980 referendum vote to end nuclear power. But there were fears yesterday that the decision would reverse the trend of liberalisation that has made Sweden a testing ground for deregulation of anergy markets across

which supply 50 per cent of Sweden'e electricity - the government is to step up intervention in energy margreater use of non-fossil fuel

alternatives.

Most striking was the announcement of a muchchanged role for state-owned Incorporated in 1992 on a for- in southern Sweden. profit basis. Vattenfall will finance tha transition to sustainabla energy production.

power from nuclear plants - which many investors bad national grid operator. "The of acquisitions and partner into foreign hands. I don't been expecting.

In addition, the government made clear that Vattenfall, which was informed kets and force a switch to of its changed status only two hours before the decision was announced, would be forced to use its production capacity to compensate Sydkraft, its biggest rival, Vattenfall, Europe's sixth for the closure of the first largest power producer. two reactors, at Barsebäck

The government also indinow be required to lead and cated it intended to strengthen control over imports and exports of elec-The government ruled out tricity through state-owned

state through Svenska Kraftnät will own and administer foreign (power) links. Only Svenska Kraftnät should be given concessions for future foreign links," it said.

The change in Vattenfall's role could have far-reaching effects on a wave of restructuring within the Nordic power sector sparked over the last year by deregulation of trade in electricity in Sweden, Norway and Finland.

As the region's biggest producer, with a 25 per cent To remedy the loss of privatising the company, Svenaka Kraftnät, the been a key player in a round bution network could fall 9 per cent this week.

principle shall be that the ships between Nordic and other European generators stands the real consequences anxious to build up volumes. But its ability to participate respect," he said. may now be restricted by its cash on developing alternative fuels.

Mr Karl-Axel Edin, of Tentum energy consultants in Stockholm, said foreign comgain ground in Sweden as a investors anticipated that result. "This is a pity as Vattenfall has become a leader in the Nordic countries in this business. A greater part market share, Vattenfall has of the generating and distri-

Analysts do not believe, however

that there is a serious threat to Serb-

ia's ruling couple - Mr Milosevic

Analysts say Mr Milosevic may

call early national elections before

Zajedno can organise a coheren

campaign but must first overcome a

constitutional ban oo his serving a

third term in office. He has manipu

lated the constitutional court before

and could try again. Failing that, be have the federal assembly of Yugo-

slavia, now comprising just Serbla

and Montenegro, to appoint him fed-

eral president but only after bolster-

Mr Milosevic'a Socialists won a

sweeping majority in the federal

assembly in undisputed elections

last November, demonstrating that

ing the powers of that office.

and his wife Mirjana Markovic.

think the government underof their decision ln this

Vattenfall officials new obligation to spend its acknowledged the changes would weaken the company's competitive position in Nordic markets and limit its capacity to operate abroad. Share prices in private secpanies could find it easier to tor geoerators surged as the nuclear shntdown will cause a shortage of power. Shares in Sydkraft, which owns the two reactors to be shut by July 2001, have risen

Violence as fourth **Albanian** fund collapses

By Kevin Done and Kerin Hope in Tirana

Violent unrest erupted in Albania's southern port city of Vlora yesterday, as the collapse of a fourth large pyramid finance scheme undermined government efforts to restore order by starting payouts to investors in two other failed schemes.

In Viora police used water cannog and fired shots into the air to try to disperse several thousand people who threw stooes and shouted abuse against President Sali Berisha's government.

The protestere were angered by the announcement of the bankruptcy of Gjallica, a Vlora-based deposit-taking company, one day before it had promised to resume payments to sav-

ers after several weeks. Troops were deployed to help block access to Vlora from other parts of the country, with investors reported to be travelling to the city from as far away as Greece to reclaim their deposits.

Across the country the government began making the first repayment of funds totalling around 27bn leks (\$217m) it had managed to freeze in the bank accounts of two failed foundations, Xhaferri and Populli.

In the capital, Tirana, scores of desperate savers waving frayed deposit slips pressed against the window grilles of makeshift offices. try in 1996 seemed to be as | They demanded full repaydeep in economic crisis as in | ment rather than the respecprevious years," the study | tive 52 per cent and 60 per cent of deposits in the two schemes salvaged by the

government. "I sold my bome to invest in Populli, so that I could get a better flat. We were two families living in two rooms and a kitchen," said Monda, a 37-year-old wife of a metalworker with two children. "I have oo income, and 1 am fecing divorce because my husband blames me for losing all our mooey. I will be bying on the streets.

The collapse of Gjallica, bowever, adds e new dimension to the financial crisis facing Albania. Previous failures have involved so-called chariteble foundations, and the Vlora-based company is the first failure of a deposittaking company that has claimed to be making pro-

ductive investments. It is believed to owe depositors as much as \$300m but to have assets worth only a fraction of this amount.

The other leading companies with productive investments that are believed to be based on pyramid schemes ~ Vefa Holding, Kamberi, Cenaj and Silva – are under severe financial pressure as new sources of deposits have dried up. Yesterday these four groups announced that they were joining forces to apply for a banking licence. In a first step they had formed a oew institution called the Financial Union in order to boost confidence

among their depositors. Having already halted repayments of capital, Vefa has been unable to make any interest paymente for the past three days. It has broken its contracts by cutting promised interest rates on existing deposits to only 3 per cent a month from recent agreed levels of 8-10 per cent and has been forced to halve the salaries of its

administrative employees. In an effort lo avold renewed violeot confrontations that would ensue from the collapse of these groups, the government has begun to float proposals for turning them into shareholder companies with investors receiving shares for their deposits,

Ukraine bank chief re-elected

The Ukrainian parliament yesterday voted a second term of office for Mr Victor Yushchenko, the central bank governor credited with reining in inflation.

Tight monetary policy kept inflation last year at 38 per cent, down from 10,000 per cent in 1998, when Mr Yushchenko took over. He said yesterday Ukraine would finance its budget deficit increasingly from sales of government treasury bills, which in recent months have attracted western investor interest.

President Leonid Kuchma told deputies that Ukraina's financial system would suffer without Mr Yushchenko, one of the most respected governors in the former Soviet Union. No other serious candidate emerged to head the central bank but Mr Yushchenko has been a favoured target for the left and the industrial lobby, which wants Matthew Kaminski, Riga easier government credit.

French civil servants to strike French civil servants will strike for a day on March 6 in protest at a 2.8 per cent pay offer. Unions have demanded

4.4 per cent. The government is determined to hold the line on public pay in order to qualify for monetary union. it has refused unions' demands for "compensation" for last year's wage freeze. Its offer of 2.8 per cent matches the expected inflation rate in 1997-98. David Buchan, Paris

VW-ABB row over paint plant

Volkswagen and ABB, two of Europe's biggest industrial companies, remained at loggerheads yesterday in a dispute over the costs of equipment for a paint plant installed by ABB at VW's Skoda subsidiary in the Czech Republic. The issue has gained significance after Zurich prosecutors confirmed this week they were pursuing allegations of blackmail on the basis of information supplied by ABB.

Last month. VW said a manager in its purchasing division had been suspended after internal investigations into the paint plant. The new facility, believed to have cost about DM130m (\$79m), was installed last summer as part of a DM700m expansion at Skoda. The dispute has triggered reports in the German press that VW staff demanded bribes from suppliers. Haig Simonian, London

German employers lose case

German building employers' unilateral action last August to cancel a wage agreement for eastern Germany was illegal, a court ruled yesterday. Tha labour court in Wiesbaden backed the IG Ban trade union and ordered the employers to stand by the wage deal that provided for a 1.85 per cent rise and step-by-step increases in eastern German wages to west German levels. It said the employers had failed to seek a renegotiation of the

The building industry federation said it might appeal to higher court in Frankfurt.

Mr Klaus Wiesebügel, the IG Bau leader, hailed yesterday's ruling. Mr Wilhelm Küchler, deputy president of the building industry federation, said the failure in 1996 of 1.850 eastern German construction companies with the loss of 30,000 jobs showed the employers' action was

PC sales growth slows

Percentage growth (1996/95)

Sales of personal computers in western Europe slowed markedly in the fourth quarter last year, bolding full year growth down to 7.1 per cent, according to figures from the IDC market research organisation. Overall shipments of branded PCs increased to 15.9m last year, from Year-on-year sales grew by only 6.2 per cent in the final quarter, mainly reflecting sluggish retail sales in most markets

except the UK. Germany

remained the largest

market although

shipments only grew by 2.6 per cent to 3.91m and actually declined in the fourth quarter by around 4 per cent. This was attributed by IDC to bome market saturation. In contrast France, Belgium, Denmark, Finland and Ireland all recorded growth of more than 10 per cent.

In terms of vendors, Compaq gained market share both year-oo-year and in the final quarter. Dell Computer beoefited from its determined assault on the corporate market while the combined Packard Bell/NEC/Zenith Data Systems entered the top five. Another newly consolidated vendor, Fujitsu/ICL, made strong gains in the German market, particularly in the fourth

Basque leaders head for jail

The etage appeared set yesterday for the entire leadership of Herri Batasuna (Popular Unity), the Basque separatist coalition party linked to the outlawed Eta organisation, to

Two members of its executive council were remanded on Tuesday after refusing to answer a supreme court summons and failing to produce ball of Pta5m each (\$36,000). A third was arrested overnight and others on the 25-member council, scheduled to appear by February 18, are expected to take the same stance.

The case is over a 1996 election video, which featured Eta members, and statements issued by the party following two pre-election assassinations. Moderate Basque nationalists have criticised the summonses, arguing that they provide a propaganda platform for the party. Mr Jon Idigoras, a Herri Batasuna official already remanded by a national court judge over the same case last year and due to appear at the Supreme Court next week, yesterday called into question the independence of the justice eystem and claimed the summonses were David White, Madrid

ECONOMIC WATCH

German gloom deepens

An unexpectedly sharp fall in orders for German manufactures in December and fears that the January unemployment total, due today, will exceed 4.5m added to the gloom about the German economy yesterday. The economics ministry reported that orders fell in

volume terms by a seasonally adjusted 1.4 per cent in December compared with November, reflecting a 2.7 per cent drop in orders from abroad and a 0.4 per cent decline in domestic orders.

Meanwhile, unconfirmed reports from Nuremberg, the home of the federal labour office, suggested that seasonally unadjusted unemployment last month rose by close to 0.5m to 4.6m, some 200,000 up on previous expectations and well above the previous record of 4.27m in February 1996. Mr Holger Fahrinkrug, an economist at the Frankfurt office of UBS, the Swiss bank, said Germany was experiencing a growth pause but be forecast "a pronounced upswing in exports and investment" later in 1997.

New demands on Serb leader as he manoeuvres to keep power

Milosevic loses battle but not war

their mass anti-government street protests, insisting that Precident Slobodan Milosevic first hand over municipal councils they won in local elections last November and implement democratic reforms. Mr Zoran Djindjic, leader of the Democratic party, told supporters the Socialist government must meet a list of demands, including punish-

leaders refused yesterday to call off

ing those responsible for last November's electoral fraod and those who ordered police attacks on demonstrators this week. He also called for an end to total state control over national television and radio. Yesterday, hundreds of riot police sealed off streets to prevent marches through Belgrade.

Western diplomats, who had lobbied hard to persuade Mr Milosevic to junior partner, the Civic Alliance. Milosevic and security chiefs resign. accept the electoral findings of a While the three parties are united in BK Television may now lose its mission to Serbla by the Organisation for Security and Co-operation in Europe, fear the new demands will prolong the current deadlock.

"Now it is a dangerous situation," said Mr Stojan Cerovic, a respected Belgrade commentator. "The opposition will try to exploit this mass protest movement, not to leave Mr

The fragile three-party Zajedno coalition, which has committed itself to ending 52 years of Socialist rule remain in power. The strongly and implementing full economic lib-nationalist Orthodox Church, which eralisation, says it needs democratic reform to give it a more equal war in Croatia and Bosnia, has chance of translating local election turned against Mr Milosevic; the gains into victory in parliamentary army has declared its neutrality.

By John Thornhill

ploved".

Unemployment in Russia is

a far more acute problem

according to a oew study,

which claims more than a

third of the industrial work-

force is "suppressed unem-

largest and most detailed

labour surveys since 1990,

highlights the social pain of

Russia's transition process

and challenges more upbeat

economic assessments by

tor of the International

Labour Organisation, who

wrote the report, says offi-

cial ioblessness figures are

an "administrative artefact"

which conceal the unemploy-

ment level "in the most

to assert with regrettable

confidence that, on average,

living standards have plum-

meted, that the economic

slump has been prolonged

and is continuing, and that

tha consequences for poverty

and economic inequality

have been very severe," be

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There is enough evidence

cruel way possible".

welfare support.

The report, based on the

Serbla's pro-democracy opposition and presidential elections this year. Mr Djindjic, known both as an anarchist and communist in his student days, is likely to become Belgrade's next mayor. But he and Mr Vuk Draskovic, a flery orator and nationalist writer who heads the Serbian Renewal Movement, have yet to agree on who will run for president. Mrs Vesna Pesic, long known for her Yugoslavia which Mr Milosevic ignited, is head of the coalitioo's Republic Square to demand that Mr

Mr Milosevic's blunder, diplomats say, was to order, or at least allow. government. "Many people in his riot police to use water cannon and regime are dissatisfied," he said. teargas against demonstrators on a Belgrade bridge on Sunday night.

The hardliners realised the next day their use of force had backfired. Independent BK Television, run by a former ally of Mr Milosevic, broadcast footage of the crackdown across opposition to the war in former half of Serbia and tens of thousands of people rallied in Belgrade'a

Guy Dinmore reports on how the president's hand was forced and what options are now open to him

their commitment to broad democratic principles, they are separated

While Mr Milosevic has been considerably weakened by three months of protests, analysts say his 10-year rule as one of the last of Europe's old-style autocrats is not over yet. He is expected to cling to his twin pillars of support - control over media with a nationwide reach and the 100,000-strong police force - to backed the government during the

BK Television may now lose its transmitters as punishment, but diplomats believe the failure of the police to cow demonstrators finally allowed Mr Milosevic to persuade party hardliners to reinstate the

November election results. With Serbia's economy close to total collapse and in desperate need of foreign credit, Mr Milosevic has been repeatedly told by the international community that only democratisation can alleviate his crisis. But most Belgrade analysts believe it was the domestic pressure that forced him to reverse his annulment of the election results.

Mr Cerovic predicted that the pres-

tha president still commands considerable support, particularly among the rural community and other more traditional voters. But the man who eight years ago could muster a rally of a million ardeot supporters seems left with few friends in Belgrade. "I liked him in the beginning and then I stopped

liking him because he did very little for his people," said one old woman at yesterday's pro-democracy rally. She said she was one of many Serb refugees driven out of Krajina by Croatian forces in 1995. For her, last November's electoral fraud was the

last straw. Grim jobs picture emerges in Russia

bankrupt within 12 mooths. "In terms of production, capacity, commercialisation, indebtedness and fears of bankruptcy, Russian indus-

> Some economists have argued that Russia's seemingly flexible labour market has been one of the wonders of the reform process, allowing workers to migrate from overstaffed Soviet-era eoterprises to better paid jobs in the emerging, and often unrecorded, service sector.

But the report maintains there has been a steady and very substantial cut in total employment since the 1980s, at a time when the working age populetion has risen. According to official statistics, employment fell 8.2m between 1990 and 1995, while the size of the working age population rose slightly.

While there has beeo growth in informal economic activity, many of these "grey" jobs are takeo by those already counted as employed, the report says.

Reviving Dead Souls. Guy Stonding, Macmillan Press. 1995. Also undated ILO paper

the International Monetary Fund and the World Bank. It urges these institutions to put far more emphasis on Mr Guy Standing, a direc-

> As at December, the state els of benefit available. Laid- also obscured the problem of statistics committee estimated that 2.78m people, or chance of regaining their the late 1930s, the average just 3.4 per cent of the working populatioo, were registered as unemployed.

On the ILO's methodology. the unemployment rate stood at 9.5 per cent in July 1996, but even that understates the true position, the

The unemployed are discouraged from registering and hospitals. because of the very low lev-

off workers, who have no rising unemployment, Since jobs, are also excluded from life expectancy for males has the official unemployment registries. Enterprises keep number of working-age peosurplus workers oo their ple who died from alcohol-re-

German finance minister Theo Waigel (right) and Russian counterpart Alexander Livshits

exchange documents yesterday after agreeing to reschedule DM25bn (\$16bn) of loans to the

former Soviet Union, guaranteed by Bonn and due to be paid between 1996 and 1998.

Workers have bad few incentives to quit their nominal jobs for fear of losing access to subsidised shops

books to avoid additional tax lated causes more than triand redundancy payments. pled between 1990 and 1995. and hospitals. cent of companies polled in Premature deaths have 1995 feared they would go

declined from 65 to 58. The

Based on regular surveys of 501 enterprises, the report forecasts no early pick-up in economic activity - 23.5 per

Big three set up fund in bid to restore country's tarnished image

Swiss banks to aid Nazi victims

and Norma Cohen in London

Switzerland's three largest banks have agreed to put up SFr100m (\$70m) to establish a fund to aid victims of the Holocaust and their families, in an attempt to restore the country's tarnished international reputation. Credit Suisse Group, Swiss Bank Corporation and Union Bank of Switzerland will put the money into an escrow account at the central bank.

It is only a fortnight since Mr Rainer Gut, chairman of Credit Snisse, first raised the idea of establishing such Nazi gold beld in Switzer- melting," said Mr Shimon a fund before the results are known of the government Bank, the central bank, put national affairs at the victims of Nazi persecution investigation into Switzer- up SFr100m, and there has Simon Weisenthal Centre in

terday's decision reflects mounting concern that allegations about the country the current discussions. and its banks were damag-

ing their reputation abroad. The three big banks are much more dependent than foreign rivals on international husiness and said yes- tion of the fund without terday in a joint communi-one: "The time has come for nte. It will make its decision action not words." They said after results of a prelimithe account was open for contributions from other Swiss National Bank's gold parties, including the Swiss government and the central

When Switzerland paid over SFr250m in 1946 to set- the announcement. "The lce tle allied claims on looted on the Swiss alps is land, the Swiss National

ing quarters that it has oot taken a more active role in

The central bank is independent but has indicated that it will await the lead of the government, which has agreed to back the formanary official study into the transactions and the government's refugee policy which are due before the summer. Jewish groups welcomed

Samuels, director for inter-

Infusioo," said Mr Elan Steinberg, chief executive of the World Jewish Congress. Privately, representatives of Jewish organisations concede that deciding bow to distribute to claimants would be difficult. However, there is broad agreement with a call last week by the US deputy assistant secretary of state, Mr Stuart Eizenstat, to give priority to Holocanst survivors and their heirs in ceotral and Eastern Eorope who bave been ineligible for any com-

that this is only an initial

pensation schemes so far. The Weisenthal Centre is also urging that non-Jewish be eligible for compensa-

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47 Table -

MANEWS CLOSEST

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Coules granth slows

German Blemm deef

raine bank lef re-electe

By Anthony Robinson in London and Theodor Troev in Sofia Bulgaria's raling Socialist party last night blocked an attempt by the opposition Union of Democratic Forces (UDF) to implement key financial legislation aimed at stabilising the currency. The lev has plummeted during a month of street protests which

ended on Tuesday with the Socialists agreeing to hold elections in April.

boycott of parliament to try to for elections.

Bulgarian Socialists block attempt to stabilise currency push through amendments to the paved the way for the conversion a currency board. of the central hank into a currency board, as suggested by the IMF.

But the Socialist party, unwilling to ease the task of a future UDF-supported caretaker government, decided that it would only sttend parliament to The UDF decided to end its parliament and opening the way pass the law diasolving

President Petar Stoyanov is the middle of April.

prepared to send a mission to Bulgaria to help set up the currency board once a caretaker government is in place.

legislation which would have caretaker government to prepare economy. It deprives the yesterday. government and central bank of

NEWS: EUROPE

The IMF has indicated it is foreign exchange reserves.

cut costs and staff and to close solutions. loss-making enterprises. It would Mr Stoyanov has emerged as a The establishment of a inevitably result in higher crucial moderating figure on the stations and stores selling

The opposition cannot muster currency board is seen as the unemployment and a protracted Bulgarian political scene. But Mr imported products close down or state budget law, the ceotral a quorum to pass laws to approve essential first step towards the squeeze on real incomes, a point lvan Kostov, the UDF leader and

The president warned rhetorical attacks on the Socialist the ability to print money to bail demonstrators still jubilant at party. expected to appoint a caretaker out loss-making companies and their defeat of the ruling Socialist administration within 10 days to finance the government debt by party that tough times lay ahead. govern until elections are held in rigidly linking the domestic. He promised that both the money supply to the level of presidency and future reacted favourably to signs of a governments would be honest solution to the political crisis. But the currency board regime about the situation but that there works by forcing governments to would be no quick or easy 2,700 to the dollar. But today in line with the

bank law and profits tax this year's budget and allow a financial stabilisation of the underlined by Mr Stoyanov several other party figures to pay for new supplies. vesterday continued the fierce

> continued to strengthen in trading yesterday as the markets The lev also stabilised st around consumers face mounting difficulties as pharmacies, petrol

run out of stocks and are unable

Bourgas refinery - the main source of petroleum products was reported last night to have Bulgarlan Brady bonds run out of crude oil. A tanker bringing Russian oil from the Ukrainian port of Odessa was due to arrive shortly but that would only provide petrol for five days. Petrol prices will rise 48 per cent government's monthly price adjustment which reflects the lev/dollar exchange rate.

Lisbon angry at possibility CDU ducks pensions issue of Emu delay

By Peter Wise in Lisbon

Mr António Guterres, parliamentary committee Portugal'a Socialist prime that recent statements on minister, yesterday attacked suggestions that the entry of southern European countries into economic and monetary union might be delayed.

"Any decision on Emu membership which is not strictly based on the objective compliance of individual countries with the convergence criteria would be totally unacceptable to Portugal," he told the FT.

Mr Guterres, whose government wants Portugal countries to adopt the euro in 1999, was reacting to a reported plan to postpone the entry of Italy until 2000 or 2001 that could also be extended to Spain and

"The Maastricht treaty does not envisage the formation of regional blocs and any distinction in the treatment of individual countries is unacceptable." he said. 'Portugal wants to be judged on its own merits." He is concerned that

Portugal and Spain, regardless of their better economic performance, will be grouped with Italy as "second wave" countries barred from the first stage of Prime Minister Autónio Emu to ease German fears Guterres: "Unacceptable"

oppose southern European participation in the first wave, he said: "These unorthodox theories about the euro tend to come from people who are suffering a crisis of confidence about themsalves or about the future of Europe. Portugal does not share their lack of The escudo was "one of

in the European Monetary and would contribute to a strong euro. Mr Guterres said. His comments came

the most stable currencies"

sbortly after Mr António

Sousa Franco, Portugal's finance minister, told a which countries would be included in the euro amounted almost to direct interventions in foreign exchange and monetary

markets. Portuguese government officials acknowledge privately that they are concerned about the impact of the Emu debate on financial markets, Mr Sousa Franco has warned of increased foreign exchange volatility, and the Bank of to be among the first Portugal has had to



Attacking those who intervene recently to prevent both excessive appreciation and depreciation of the

But a senior Lisbon bank economist said yesterday that any depreciation of the escudo in 1997 was unlikely inflation criteria for Emu. He said that inflation, which is forecast to fall from 3.1 per cent in 1996 to about 2.6 per cent this year, was Portugal's most vulnerable area. The country was almost certain to comply with all the other criteria.

French press revels in Tapie disgrace

Bernard Tapie. flamboyant socialist gave him front page politician, Eighties-style treatment and two inside get-rich-quick businessman and - since Monday - prison inmate, has lost none of his fascination for the French

devoted substantial space to the failure of his final appeal against spending tha next eight months in jail.

Time finally ran out for Mr Tapie on Tuesday, when the country's highest appeal court rejected his plea for clemency, confirming his sentence of two years imprisonment - including 16 months suspended – for football match rigging and

interfering with witnesses. For a second day, the rightwing Le Figaro ran a Tapie story on its front page and an interview inside, while the Communist party's L'Humanité splashed his continued presence "in the shadows ecross the

entire front. Before the court's verdict, Le Monde mischievously ran a front page profile of Mr Tapie on Tuesday afternoon entitled "Number 265 449 G" - Mr Tepie's prison identity. Under standard procedure, ha spent the night before the judgment in

Parisien, relegated Mr Tapie to inside pages after both treatment and two inside pages on Tuesday morning.

Only the business papers Les Echos and La Tribuna played down the story decision a columnist in the latter said was nothing to embarrassment" but rather hacanse

enough" The continued interest in most papers is best explained by two cartoons on the subject in yesterday's edition of the weekly satirical paper Le Canard

In one, Mr Tapie says to two fellow prisoners: "Hey guys, what do you say to creating an investors' club?"

That hints at his continued ability to reinvent himself, most recently revealed in both his plans to star in a second film and to act as a consultant for a US construction

In the other cartoon, two prison guards show him the closed-circuit television in his cell, reassuring him: "You won't feel out of place: there's plenty of cameras here too" - a reference to the mutual attraction of the man always ready with a quip, and a national media

Kohl party calls for more talks on controversial plans

Chancellor Helmut Kohl's Christian Democratic Union yesterday deferred a decision on reforming Germany's pay-as-you-go pension sys-tem, an issue that has split the party and the governing

coalition in Bonn in recent

In a move to paper over the cracks, the party leadership agreed instead to bold further internal discussions. These would be followed by talks with the Christian Social Union, the CDU's Bavarian sister party; then with the Free Democrat party, the junior coalltion

Bundesrat, the second chamber of the Bonn parliament representing the federal

Inconsistencies between government proposals for lower tax rates and reduced tax privileges for affluent pensioners, on the one hand, and the plans of Mr Norbert Blum, the labour minister, to raise pension contributions and reduce the level of pensions, on the other, brought Mr Blum into open conflict with Mr Kohl and Mr Theo Waigel, the finance minister, late last month.

gained strong support from pass three goals: the reducpartner, and finally with the the CDU's left wing, his pro- tion of non-wage labour tions.

Democrat politicians, most of the CSU, the FDP and employers. They are also opposed by trade unions and the opposition SPD.

In a move to recoocile differences within the CDU, the party leadership yesterday accepted Mr Blüm'a ideas for developing the existing system as the basis for further But Mr Peter Hintze, the

party's general secretary, added that discussion of other options remained pos-

Mr Hintze said that peo-Although Mr Blum bas sloo reform should encom-

opposition Social Democratic posals ran into strong criticosts; a reduction in the role party. The latter controls the cism from younger Christian of the state in the economy; and the achievement of a fair sbaring of burdens between young and old.

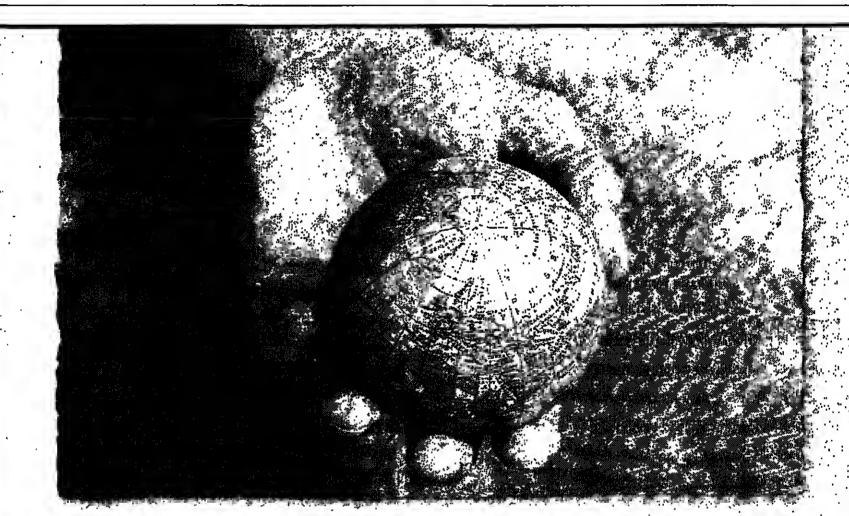
Many critics of Mr Blüm have charged that his plans

> will fail to meet these tar-The CDU general secretary strongly denied that the party's aim of involving the SPD in pension reform was a precursor of a "grand coalition" of SPD and CDU to

solve Germany's problems. The SPD yesterday reacted co-operating with Mr Kohl's party on pensions, saying there was "only a small window open" for joint solu-



Medallion man: Kohl wears medals from across the nation at a reception yesterday to mark the carnival season



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N Korea grain impasse 'halts peace talks'

in Washington

North Korea's failure to finalise a US grain lies behind its decision to postpone talks this week on fresb security arrangements in the Korean peninsula, according to US officials and commodity market

negotiations that led to Pyongyang's apology last December for pursing s commercial transaction

its submarine incursion into South that is not tied in any way to

That apology also paved the way for North Korea to attend a briefcontract to import 500,000 tonnes of ing session on proposals for fourpower security talks scheduled for this week.

But the grain negotiations have reached an impasse because of Cargill's inability to reach satisfactory agreement on precise amounts. The US government awarded a timing of deliveries and the pricing licence to Cargill, the Minnesota- of the mineral goods which North based commodity dealer, to export Korea is to deliver in exchange for the grain as part of the complex the grain, commodity traders said.

higher-level diplomatic negotia- had a poor record for respecting tions. We are a commercial company, and the sale is a commercial transaction, and is not being supported in any way by government

North Korea, which this week admitted that Its 2.5m tonne autumn harvest was only about half the level needed to feed its population, had hoped for speedy grain deliveries to ease its pressing food shortage.

But traders said barter deals

tries such as North Korea which food aid worth almost \$40m. contracts.

US officials said Pyongyang had apparently failed to understand that the licence simply set a ceiling on the amount that could be exported over a period of time. The Cargill, a private company, to conclude any commercial deal, much less trade the full amount at once.

North Korea with its grain shortthe grain, commodity traders said. But traders said barter deals age may come shortly when the China, though in a rare gesture Cargill said yesterday: "We are were always difficult to organise, UN World Food Programme Issues South Korea provided 150,000 especially with cash-strapped coun- an sppeal for 100,000 tonnes in tonnes

The US has given \$8.2m in food and medicine aid to North Korea over the past two years and is likely to view the UN appeal sympathetically. But there are doubts whether this will be enough to bring Pyongyang back to the secu-US government could not force rity talks. The appeal is small compared with North Korea's total

Last year, Pyongyang got some A further opportunity to help 500,000 tonnes of grain from all sources. Much of that came from China, though in a rare gesture

western levels will strain

hurdened by infrastructure

commitments. The 33.3 per

Shanghai's helping-the-poor fund signals the direction of

China's Communist party.

whose mandate has rested

perity, is sensitive to the

The concern in the upper

echelons of the Shanghai

government was underlined

this month by Mr Huang Ju.

Shanghai party secretary.

who urged that "the re-em-

suspended workers should

ployment programme for

be accelerated". Re-employ-

ment and training are part

of Shanghai's solutions to

the problem; so is a

long-term decline in the reg-

Meanwhile. the China

can be kept under 3 per cent

as long as the city maintains

economic growth of at least

But Mr Xu. the Shanghai

mayor, last year warned that

the ranks of Shanghai's job-

istered population.

linked to jobless masses.

municipal welfare costs.

As an indication of the ment rate comparable with

problem, there are 3,711 municipal finances, already

than 500 have been cent jump last year in "suspended from active Shanghai's helping-the-poor

tory, which has laid off 100 on delivering increased pros-

leaving 300 employees, but potential social unrest

scale of the unemployment

workers at the No.2 Cotton

There are redundancies

also on the hooks of the

No.13 Semiconductor Fac-

people in the past five years.

Red Lantern Radio is an

acute case, having balved

the workforce in the past

three years to 1,000 hut

amploying just over 50 work-

There are hundreds of

such cases where workers

still registered with the state

enterprise are redundant;

they are said to be "waiting

for a new post", "changing

posts", "awaiting retire-

ers on company husiness.

only 90 in full-time work.

Mill in Shanghai, hut more

ASIA-PACIFIC NEWS DIGEST

Sharif attracts more support

Mr Nawaz Sharif, Pakistan's prime minister-designate, said yesterday he expected the support of other members of parliament to boost the already hefty absolute majority his party won in last Monday's elections. The Pakistan Muslim League won 134 seats in the 217 member parliament against 17 secured by the Pakistan People's party led by Ms Benazir Bhutto, the deposed prime minister. The ML's strength in parliament would reach 170 with support from others, be told party workers in his home town, Lahore. His party did not need the support of others to form a government but "we will take along

allies," he said.

The new parliament is to hold its first session on
February 15, to be followed by Mr Sharif's induction as prime minister. Pledging to build Pakistan into a true slamic welfare state, Mr Sharif said he would combat illiteracy, poverty and corruption, develop economic self-reliance and reduce Pakistan's debt burden of \$30bn.

Mr Sharif's ally, the Awami National party, secured nine seats and 12 went to the Mohajir Qaumi Movement, an ethnic group based in Karachi. Independents and minor groups have 29 seats. Results of three seats and another 10 seats reserved for non-Moslem minorities are

Korean bank chiefs arrested

Two South Korean bank presidents were arrested yesterday for receiving \$500,000 each in return for granting loans to the bankrupt Hanbo steel and construction group. Mr Sheen Kwang-shik of Korea First Bank and Mr Woo Chan-mok of Cho Hung Bank were alleged to have provided Won680bn (\$787m) to Hanbo last year in spite of the group's shaky finances. Hanbo received a total of Won5,000bn in loans from 61 banks and other financial institutions in the last four years to construct a giant steel mill that proved to be unprofitable

Meanwhile, a prominent opposition MP became the first politician to admit he had taken money from Mr Chung Tae-soo, the Hanbo founder, as political donations. In response to ruling party allegations, Mr Kwon Roh kap, a close associate of opposition leader Kim Dae-Jung, said he had accepted oearly \$200,000 from Hanbo on three occasions since 1993.

Philippines inflation dips

Philippine inflation fell year-on-year from 5.2 to 5 per cent in January, in spite of a moderate rice price rise. according to figures released yesterday. The National Statistical Office said it had revised the inflation figure for December, earlier put at 5.1 per cent, to 5.2 per cent after updating water rates in the Manila area. The revision did not alter the final figure for 1996 of 8.4 per

Bond sentenced to four years

Mr Alan Bond, who became one of Australia's most prominent entrepreneurs in the 1980s before crashing into personal bankruptcy in 1992, was yesterday sentenced to four years' jail over charges that be defrauded the Bell Resources group of more A\$1bn (US\$760m) hy siphoning the money out of Bell and into his Bond Corporation. Mr Bond pleaded guilty to two charges in the matter last year, with the prosecution agreeing to discontinue a further three charges. Nikki Tait, Sydney

Shanghai sees rise in invisible unemployed

Chinese officials are worried as bloated enterprises put off workers. James Harding reports

n the past two years, Mr and Mrs Hua have been laid off from a stateowned Shanghai electronics company, Mr Wang has been laid off from s shipyard and Mrs Zhang from s textile mill. None has found full-time work but none is

Instead, the Huas, in their early 50s, have been encouraged to take early retirement, Mr Wang is still on the shipyard's books and occasionally drives an unlicensed taxi; Mrs Zhang is a housewife getting subsistence psy from her old

These unregistered redundancies help keep the shine on Shanghai's statistics, which purport to show 1966 unemployment was only 150,000 or below 3 per cent.

"No ooe believes the 3 per cent figure," says one local economist. The figures are too low "but who can say by

Unofficial unemployment, no ties to any work unit. widespread under-employment, an influx of unskilled migrants and a swelling cials reported last month. number of pensioners are all turning Shanghai - a city in the forefront of China's conversion to capitalism - into a showcase of the henefits and social costs of a market economy.

Workers laid off by stateowned enterprises and kept between 15 and 20 per cent. on a subsistence wage by the unemployed, who have



Urban unemployment (10.000s)

Their numbers rose 20 per

cent last year to 270,000, offi-

But in private, municipal

party officials fear the prob-

lem is several times blgger.

An internal paper, com-

missioned by Mayor Xu

Kuangdi, is understood to

estimate real unemployment

and under-employment at

Government researchers

calculate that only 5m-6m

people are in full-time

employment out of a poten-

tial labour force of more than 8m in a city with 13m registered residents. The internal documents

are understood to calculate the migrant worker population in Shanghai at over 3m. They are separate from the official figures, but are a key factor in explaining the swelling jobless problem, as the lowest rungs on the labour ladder - manual and menial jobs paying about \$1.30 a day - bave been taken by unregistered arriv-

Unemployed youth

ment also helps explain the shortfall between the official figure of 470,000 out of work (unemployed and state enterprise redundancles combined) and the more than 2m

people not in full-time work. ment figures are so ill-reflecthat no one really knows what is going on. All we do know is that there is a heavy under-employment probsentative of one interna-

Widespread under-employ-

% of workfarce

ment" or "relocated for internal digestion".

international busines

Employees:(31/12/96

The published unemploytive of the real economy lem," says the China repre-

The World Bank's estimate Business Daily, the official that redundant workers party newspsper, says account for more than 10 per Shanghai's unemployment cent of the workforce at most state enterprises is, if anything, conservative. A bloated workforce 11 per cent.

weighs down many potentially profitable Chinese companies. Disguising the figures can distort the local economy.

The merger trend in Shanghai has, in part, been driven by political pressure to rh redundant workers. In the long term, coping

less would swell as the city's service sector could not generate enough jobs to compensate for a decline in manufacturing industry. "Shanghai is still facing great pressure," be said. 1/10/96 Change

SIEMENS

nternational operations Boom in major international projects

Information for Siemens shareholders The first quarter of the current fiscal year was marked by strong growth in international orders. Growth drivers were the company's energy, transportation, communications, and information segments.

Orders showed the highest growth in the Asia-Pacific region (+130%) and the Americas (+37%). The surge in international business and stronger domestic growth were largely fueled by a sharp increase in major projects. Following the amassing of large orders in . the first quarter, growth for the remainder of the year is expected to normalize.

Power Generation (KWU) more than doubled its order volume over the previous year. International business at Public Communication

Networks (ÖN) continued to thrive, and ON again profited from Deutsche Telekom orders relating to the digitization of its telephone network. Private Communication Systems (PN) further expanded the high volume of its terminals business. Siemens Nixdorf Informationssysteme returned to double-digit growth in domestic orders. The jump in orders at Transportation Systems was generated by large infrastructure projects in Germany and abroad.

Siemens' industry seg- ... ment, however, saw orders decline, largely as a result of weak domestic demand for capital goods and Germany's recessive construction industry. As expected, Semiconductors (HL) was affected by sharp price erosion, particularly for memory chips: both orders and sales showed doubledigit declines.

crash

elelays

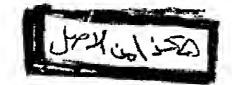
Net income for the quarter was slightly below last year's figure, which had been boosted by strong eamings in the Semiconductors Group. In contrast, net income for the communications segment showed healthy growth.

For further information please contact: Investor Relations Tel. (++49 89) 2 34-2474 or visit our Internet site: http://www.siemens.de.



Siemens AG, Berlin and Munich

Rich II



TO NEWS DIGEST

THE RATIO LARVED

erif attracte

bank chiefs arrested

sentenced to four ver

southern Lebanon.

But Mr Yitzhak Mordechai, defence minister. rejected calls for a with-

Officials concede voices for a unilateral withdrawal are growing. "The problem is the vacuum which would be left. Who is prepared to fill it in a way that we could withdraw feeling secure?" a

NEWS: INTERNATIONAL

Rich nations Big role for the small loan Brady bonds for

make sharp cuts in aid

By Graham Bowley, Economics Staff

The world's richest ment in other countries is governments have cut their primarily their own busiaid to developing countries as a proportion of gross this was tha key message national product to the lowest level for 45 years.

to reduce budget deficits as well as "compassion fatigue" and growing public cynicism meant official aid fell sharply in 1995, says the latest report from the Organisation for Economic Co-operation and Development.

However, the decline was offsat by increased private investment from industrialised countries. As a result, the total level of resources flowing from the industrialised world to poorer countries has again reached record levels.

The different trends underscore tha complexities of the aid debate in international organisations such as the OECD, the Paris-based think tank for 29 of the world's richest nations.

Private finance is flowing into the developing world but this is restricted to a narrow band of high-income, fast growing countries, principally in Asia and Latin America. The report makes clear that many of the poorest countries are still denied access to flows of private capital from the developed world. They continue to rely heavily on official external aid only.

Mr Bernard Wood, a director at the OECD, said countries should be able to use

their own right. "It is important to recognise developness," he said, emphasising from the OECD's report.

Measured overall, direct Pressure on governments aid hy OECD countries to the developing world was \$59bn in 1995. Measured in donors' own currencies rather than in dollars, and adjusting for inflation, this was 9 per cent down on 1994. Aid accounted for only 0.27 per cent of the GNP of OECD members - the lowest level recorded since comparable statistics began in 1950.

In contrast to official aid, private investment increased total resource flows into the developing world to \$239bn. This was 50 per cent more. in real terms, than in 1990. Foreign direct investment by companies in the industria-

However, developing country debt grew 8 per cent in 1995 to \$1,901bn. Debt servicing payments rose to \$194bn. The OECD said there was a "decisive tilt" towards short-term deht, as Asian companies' and banks' appetite for short-term borrowing

The OECD said less aid was going to production sectors and more to social infrastructure projects. Abont 40 per cent of aid went to Africa, 30 per cent to Asia, and 10 per cent to Latin America. The rest was spent on other programmes. aid they receive as a catalyst UK aid cut, Page 11

Abacha

considers

standing

for office

General Sani Abacha, who

seized power in Nigeria after the army annulled elections three years ago, has said he might put him-

self forward as a candidate

for presidential elections

scheduled for next year, if hls "constituancy" sn

Gen Ahacha told The

Washington Times in a rare

interview that his prn-

gramme to restore civilian

efforts to revive Nigeria's

economy were bearing fruit and that criticism from

abroad over his gnvern-

ment's human rights record

It is the first time ha has

addressed mounting speculation that he might aban-

don his uniform to contest

multiparty elections. "It is

not new in Africa," he said,

"where military people bave

Opposition groups in

tal, yesterday expressed con-

cern. "Even by the mere

leaving open of the possibil-

ity of his participation, he

does the transitinn pro-

gramme no good at all,"

said Mr Clement Nwankwn,

of the Constitutional Rights

Project. "The process can

have no credibility while a

referee such as this consid-

ers his prospects as a

One diplomat said: "It is

no secret that Nigeria

employs several Washington

lobbyists, and this interview

looks carefully scripted to

prepare international opin-

ion for his long-term ambi-

Gen Abacba blamed

player."

stepped into politics."

in Lagos

Aid flows in as debt payments pour out

\$bn (at 1994 prices and exchange rates)

Israeli crash delays meeting

By Judy Dempsey in Jerusalem

Israeli and Palestinian leaders bave postponed today's meeting following the crash of two Israeli military helicopters in which 73 soldiers, including 13 officers, died. Yesterday and today were declared days of national mourning.

The crash, one of the worst in Israel's military history, took place on Tuesday evening in Shaar Yishuv, in the Galilee Panhandle, on the tip of Israel's northern border with the occupation zone in southern Lebanon.

The soldiers were heing flown to the 15km occupation zone where Hizbollah guerrillas had earlier carried out 20 raids on Israeli military units and outposts in or close to the zone, according to defence officials.

The crash, whose cause is unknown, coincides with an incraasing debata ahout Israel's continuing involvement in Lebanon, which it invaded in 1982. It withdrew in 1985 after carving out the security zone in southern Lebanon. Since then, more than 200 Israeli soldiers have been killed there.

Mr Avigdor Kahalani, public security minister, said recently that soldiers sent to tha security zone were like sitting ducks. The situation cannot continue there. A decision must be made... I think the IDF [Israeli Defence Forces] should unilaterally withdraw from Lebanon." He called for the establishment of a multinational force to be placed in

dalays in local elections, now scheduled for March 15, on recent bomb attacks against military targets in Lagos. The police bave blamed the bombings on the National Democratic Coalition but no formal charges

Bruce Clark on high hopes for microcredit in war on poverty Ivory Coast

to the poor - among the retary. least fashionable causes in the city of a thousand lohbyists - an international meetto attract investment in has been an occasion of mixed emotions.

On one hand, a colourful assembly of the world's haves and bave-nots has heard ringing calls, from leading US politicians and business leaders, for a new drive to alleviate poverty in the developing world and at

"We believe that poverty does not belong in a civilised human society. It belongs in museums," declared Professor Muhammad Yunus, the Bangladeshi pioneer of lending small amounts to small businesses and founder of the Grameen bank.

This was a sentiment that wnn ready acceptance from a 2.000-strong audience that to \$159bn in 1995, taking ranged from camera-shy peasant women from Africa and Latin America to executives from corporations such as MasterCard, Monsanto and Citicorp.

Also present were Mrs Hillised world reached a record ary Rodham Clinton, who has known and admired Prof Yunus since he visited

who campaign for aid Rubin, the US treasury sec- cial market or by mobilising the year 2005.

Their clarion calls to help unusual event in the capital ing on microcredit this week of a country where the fedto be all hut dismantled and unpopular.

"lt's great people are talking about poverty, and Forsyth, who heads the Washington office of the health and education are

prevails across the US political spectrum, much of the language used at the conference was careful to avoid the deadly sin of altruism. The Clinton administration, in its message of support, argued that microcredit

should not and need not be

dependent on anything other

than the mainstream market

But in deference to the

economy. Micro-financial institutions should move away from "donor dependence" and on to "commercial

savings. the disadvantaged were an to dent the scepticism of of \$21.6bn for the amount of eral welfare system is about icy waters of strict market that goal, and suggests that overseas aid is deeply able, everybody would be commercial lenders at mardoing it," said one.

Even in Bangladesh, whose dense population cremicrocredit is an important ates a promising environinstrument," said Mr Justin ment for microloans, the rosy picture presented by that has raised no more than the statistics is not always international aid organisa- confirmed by closer examition Oxfam. "As long as you nation, according to experts. remember that things like For example, the fact that For example, the fact that women receive most loans, and bence are charged with repaying them, does not abborrence of handouts that always imply a real boost to

> their economic power. "Women may be forced to hand over control over the money to their menfolk and then go short of food they ought to be eating to keep up the repayments." said Mr Geoffrey Wood, a British academic who has worked in Bangladesh.

Conference delegates readily accepted a prepared communiqué which committed them to work for a tenof recipients of microcredit.

or the handful of peo. Arkansas more than a sources of funds" either to reach about 100m of the ple in Washington decade ago, and Mr Robert through the broader finan-world's poorest families, hy By Edward Luce who campalen for aid. Rubin the US treasure see sick market as he make the market as he world's poorest families, hy

But the conference failed impressively precise figure experts who wonder whether credit that will be needed by microcredit can survive the microcredit users to reach economics. "If it was profit- up to \$8bn could come from ket rates.

> In the words of Mr Carter Garber, a US development consultant, that is a "very steep challenge" for a sector \$500m in private money over the last decade.

Some of the most successful experiments in microcredit have been subtle compromises between altruism and the market.

In Washington, for example, a "shared return fund" called Devcap invites firstworld investors to forgo up to balf their returns - from a "socially screened portfolio" chosen on both ethical and financial grounds - in order to finance micro-enterprise programmes in more than 50 countries.

But its director, Mr Gil Crawford, expects the trade-off between altruism and egoism to get easier as fold increase in the number micro-lending gets more

The statement gives an lvory Coast is to bacome only the second African state to issue Brady bonds, in a deal which will wipe out \$4.6bn in arrears accumu- 182 private banks known as lated since it suspended debt payments in 1987.

The Brady bonds, which will allow lvory Coast to ing package with the Interexchange up to \$1.8bn in dis- national Monetary Fund and tressed commercial debt hilateral lenders in 1994. (debt on which it bas defaulted) for new bonds backed up by 30-year US of its debt service ohliga-Treasury bonds, are expected to be issued before June

The bonds, named after Mr Nicholas Brady, former US treasury secretary, have been popular with developing countries seeking to rebuild relations with the international financial com-

munity. 16th Brady country but only per cent. the second African country

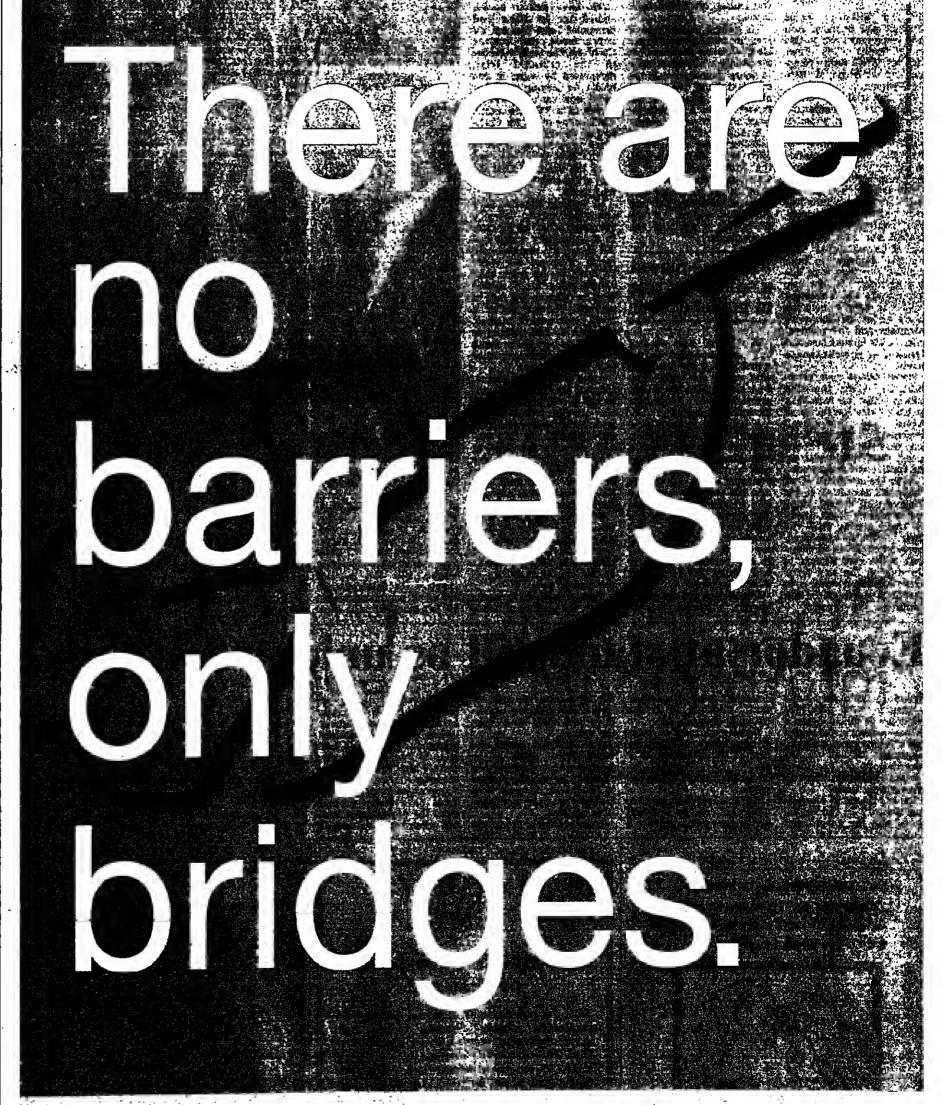
after Nigeria. Issuing Brady bonds would allow Ivory Coast "to relieve its overall debt burden and restore its credit standing Coast, which produces a internationally," said Mr third of the world's cocoa Peter West, director of emerging markets research to service its debt payments at WestMerchant bank in than when it defaulted in London. "We expect a couple 1987.

of other African countries, probably Congo and Cameroon, to follow suit in the near future."

The agreement between the west African state and the London Club of commercial creditors follows the signing of a debt restructur-Under the deal lyory Coast was forgiven for 50 per cent tions on its official (non-com-

mercial) borrowing. London Club executives say that Ivory Coast, which will also buy hack at least 30 per cent of its distressed commercial debt et about a quarter of its original value has recovered from the economic crisis of the late 1980s which led to a reduction in Ivory Coast will be the per capita income of over 25

Gross national product growth reached 7 per cent last year and is expected to hit 7 per cent again in 1997. The IMF believes that Ivory supply, is in a better position



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Clinton seizes moment to wave activist flag

Bill Clinton a favour. Their judgment was only flashed across the nation's TV screens as he was in the last 20 seconds of his State of the Union speech. The country might have been California bnt. for an hour, he had no competition on the air-

Even his political opponents conceded, if sometimes hackhandedly, he had seized the inadvertent moment rather well in e confident and focused speech with a major theme, education, and a foreign policy section that was more than the usual after-

What concerned Republicans was not Mr Clinton's dalivery -"the president has proven time and time again he can talk the talk," Congressman Tom DeLay, the majority whip, sarcastically

The OJ Simpson jury just such as balancing the budget, might have done President cutting middle class taxes and US factory orders fell 1.3 per whole to 4.9 per cent, following a overall is continuing to grow at

cracking down on crime. It was more, as Senator Pete Domenici, the budget committee chairman, put it, "it just seems mostly waiting on the news from possibly get everything he is set to slow, Gerard Baker wants.

Senator Trent Lott, the influential majority leader, said that "words are nice," but added "is this truly the end of big government as we know it or will we find dozens of new Washington programmes in tha president's budget?" This goes to Capitol Hill

Mr Clinton walked a careful line in his ambitious 10-point proposed a seven-fold increase, to "national crusade" for better about 3.000, in the number of education. He did call for a quasi-independent "charter" 20 per cent increase next year in federal spending on education. but also made clear that the centrepiece - new national standards in English and math- tives. Nor was it his adoption of policies thay consider their own, and evaluated by the states, not principle to the president's ing people with the "tools" to Nor was it his adoption of poli-ematics - would be implemented

cent in December from the previ- 6.6 per cent rise in 1995. ous month, the commerce department reported yesterday, a further indication that the rapid there was an ewful lot of govern- pace of economic growth ment in this speech...he can't recorded at the end of last year

> consecutive month, trimming the rate of growth for 1996 as a

reports from Washington.

Orders declined for the second

the federal government. His preferred solution to the eternal private vs state schools debate at least acknowledges Republican demands for greater parental freedom of choice. He schools inside the state system. but made no mention of the "voucher" plan for private edu-

cation advanced by conserva-

Manufacturers' orders are a reasonably reliable guide to the short-term prospects for industrial output, and the decline at the end of last year suggests factory production may already be slowing from its 4.1 per cent annual rate recorded in the last three months of 1996.

Bnt manufacturing activity

strong call for a revived volunteer spirit in the country, on which be plans an April summit artfully featuring two prominent Republicans, ex-president George Bush and retired General Colin Powell. The conservative problam is with the government playing any role at all.

Mr Clinton's answer is that though the era of big government may be over - as he declared in last year's State of the Union message - there is nothing

the start of 1997, fuelling concerns among policymakers about the re-emergence of inflationary pressures. The Federal Reserve left interest rates unchanged yesterday after a two-day monetary policy meeting. However, the likelihood of a rate rise in the first half has grown as evidence of the strength of the economy

change the nature of society for the better.

has mounted.

If that means, as he announced on Tuesday night, persuading 60 universities to send students to teach literacy classes to nineyear-olds or getting five major corporations to agree to hire new staff from the welfare rolls, then Washington is doing its proper job at small cost.

This stood in sharp contrast to the official Republican response, delivered by one its rising stars, the black Congressman J.C. granted "fast-track" authority to Watts from Oklahoma. His mes-negotiate new trade deals,

the defunct Contract with America manifesto of 1994, with its emphasis on a wholesale diverton to the states.

Mr Watts was also the subject of extraneous controversy. He had told a newspaper interview published on Tuesday that some black leaders - he specifically Mr Clinton said, would be a mentioned Mr Jesse Jackson and abdication of global leadership. Mayor Marion Barry of Washington - were "race-hustling poverty pimps," prompting predictable

outrage. Even if he broke no new ground, Mr Clinton was also conspicuously firm with tha isolationist tendency in Congress on foreign policy. He made no apologies to the Democratic left in pursuing "engagement" with China, demanded that the US pay lts bills to international institutions such as the World Bank fident that the public, if not all and a "reforming" United Nations and insisted he be

sage could have been taken from especially with South America. But his most direct challenge was to Senator Jesse Helms over ratification of the chemical weapsion of authority from Washing- ons treaty. The chairman of the foreign relations committee is holding approval hostage to UN and State Department reforms. Failure to ratify an agreement "bipartisan from the beginning," Mr Clinton said, would be an

> Still, it was business as usual again yesterday. Mr Lott had the Senate dehating the constitutional amendment to balance the budget, which the president said in his speech was unnecessary. And the capital's parish magazine, the Washington Post, chose to lead with the O J Simpson ver-

> Mr Clinton was not in town. He flew off to Georgia to preach the virtues of education reform, conthe politicians, like what they

> > Jurek Martin

Trials of OJ may never end

By Christopher Parkes in Los Angeles

Mr OJ Simpson faces personal and financial ruin after being found responsible for the deaths of his former wife. Ms Nicole Brown Simpson, and her friend, Mr Ronald Goldman.

The civil trial jury, unanimous in its condemnation and the award of \$8.5m to compensate the Goldman family for the murder of their son, must now decide on the full price of Mr Simpson's responsibility.

The decision that the victims were killed in June 1994 with "malice" and "oppreseion" confronts the former football star with the prospect of having to pay huge punitive damages to both families, Hearings were due to start today with forensic accountants and marketing experts on band to belp the jurors assess Mr Simpson's resources and the residual value of his famous face and wrecked showbusiness

Public debate over establishment claims that the dnck the witness box on the principle that no man may be tried twice for tha same crime had not been breached, and that the Simprace," started immediately whites compared with 10 per Simpson's acquittal at his race has played a secondary criminal trial in 1995, many role in the public debate. commentators stood firmly The pursuit after truth LAby their claims that the style, accompanied by a groaffair - from the slow-speed, freeway "chase" of Mr Simpson's white Ford Bronco, to in the pursuit of publicity his stop on the way home and money, has proven far from Tuesday's verdicts to more absorbing. huy \$1.75 worth of Baskin

deficiencies of the US legal

The white majority civil Monica had no doubts of Mr Simpson'e involvement after criminal trial, the mainly media for playing "the race black panel determined his card", now has a substantial innocence in a downtown court after 200-odd minutes.

In the first bearing the decision swung on the credibility of Mr Mark Fuhrman, the white "racist cop" of from the shadows claiming LA'e nightmares, caught lying in his insistence that he never used the word "nigger" and nailed by the defence as a potential avidence-planter.

Race has played a secondary role in public debate

In the trial now winding up, much depended on the credibility of Mr Simpson, who could not this time grounds that he might incriminate himself.

A poll of Angelenos com-As in the aftermath of Mr Simpson was a killer. Yet tesque crowd of hunt-followers falling over one another

Prosecuting and defending Robbins ice cream - lawyers, witnesses, journal- access, the absence of televi- by foul-mouthed talk show make it a best of three [tri- als of O J ever to end.

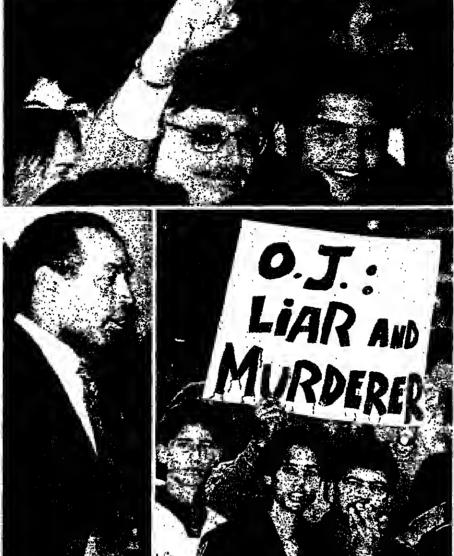
reflected more the nature of ists, jurors and "friends" Californian society than the belonging to the Simpson circle have written books, eigned up for films and demanded large fees for TV jury in middle-class Santa appearances. Mr Johnnie Cochrane, the main defender in the criminal trial, 14 hours' deliberation. In the denounced by some in the

> career as a TV personality. On Tuesday night, Mr Christopher Darden, the tearful, black prosecuting attorney at the first trial, emerged part of the credit for the civil trial result. Mr Richard Riordan, LA's

colourless mayor, issued a statement appealing for calm in a community which had not shown the slightest indication of unrest. Mr Willie Williams, the LA police chief campaigning for a second term in office in tha face of mayoral dissent, called a press conference at 10.30pm, although he had nothing to say and no part in the Santa Monica proceedings other than crowd control.

Away in the background, Playboy garnered columninches of free publicity with the unveiling of a March issue featuring the naked Ms pleted as the jury deliber- Faye Resnick, 39. Ms Resson case was "not about ated found 71 per cent of nick, declaring her belief in "full disclosure" as she Ms Simpson and is a muchheard "expert" on the case. Even as tha civil trial wound down, jurors from the criminal case were discovered tonting their public relations and literary agents

the current panel.



about her relationship with shocked spectators ontside the courthouse

Hirosbi Fujisaki, who containment gagged the victims' garrulous families, the civil court proceedings were relatively legal system's involvement. among the 12 members of serene. But the popular If Mr Simpson appeals, the

sion cameras and the disci- radio and fed by attentive als]," said one gleeful plinary disposition of Judge news media, proved beyond

Tuesday's decision marked the approaching end of the the current panel. appetite for salaciousness danse mocabre will start and sickly sentiment, fuelled again. "I think we should

bystander in Santa Monica. Even if Mr Simpson stands

down, the majority US public, whose belief in the guilt of the one-time hero was vindicated in Santa Monica on Tuesday night, shows no inclination to allow the tri**OBITUARY: Pamela Harriman**

Queen of the special relationship

death in Paris yesterday, at the age of 76 while serving as the US ambassador to France, is surely one of the most remarkable personal tales of the 20th century. Her full name - Pamela

Digby Churchill Hayward Harriman - encapsulates her life, but hardly does justice to it. She was born a Digby, daughter of British landed gentry; she first married Randolph Churchill, son of Sir Winston, the British prime minister, then Leland Hayward, the Broadway impresario, and finally Averell Harriman, the American

Barely out of her debutante years, and with a marriage already on the rocks. she became an important go-between in the ever closer Anglo-American relationship before-Pearl Harbor brought the US into the second world war wer.

Her role was encouraged by her father-in-law and owed not a littla to her love velt's emissary, and Ed Murrow, whose radio broadcasts during the Blitz did much to turn US sentiment round in favour of helping Britain.

In the post-war years, divorced but baving produced one son, Winston Churchill, now an MP, she cut a social swathe through Europe with the jet-setting likes of Gianni Agnelli, Aly Khan and Elie de Rothschild. That rendered her unpopular in her native country and none of the relationships provided her with the financial and emotional security she needed. It was in America, where ehe eventually acquired citizenship, that she found both - and an out-let for a sophisticated political intelligence that owed nothing to her limited for-

mal education. She was married to Leland Hayward for 10 years. After his death in 1970, she married Averell Harriman, then

The journey of Mrs Pamela an alder statesman, who died Harriman from birth in Min- in 1986. If Mrs Harriman's in 1986. If Mrs Harriman's terne Magna, Dorset, to her reputation had been, as Hayward once put it, as "the last great courtesan of the cantury," the move to Washington with her last husband, a lifelong Democrat, thoroughly exposed her to the capital's only industry - politics. She took to it, as to the manner born. His wealth made her a patron of the Democratic party, but her Georgetown salons were also places where real policy and tactics were thrashed out, to which she fully contributed. Tough political professionals thought highly of her.

At no stage was her influence behind the scenes greater than during the Reagan and Bush White House years, when the Democratic party appeared in disarray. She was an early and effective supporter of Bill Clinton and, following his election in 1992, introduced him to the nation's movers and shak-

Her reward from the new president was the grand residence on the Faubourg Staffairs with two of the most Honore; where, in her flighinfluential Americans in tier years, she had some-London - Harriman, then times heen a guest. that she had been a wartime friend of Charles de Gaulle during his London exile, she was never merely a social ambassador and showed full .. command of the range of policles that, on occasion, have made Franco-American rela-

tionships difficult. Two recent biographies of Mrs Harriman - by Christopher Ogden and Sally Bedell Smith - have left few skeletons in her closet, including her expensive life-style. Her ability to re-make herself in the eyes of the men in her life, alternating between the truly glamorous and the matronly regardless of the passing years, bespoke a unique talent. But above all it was ber political intelligence which always flourished when the opportunity presented itself - as early as wartime London until her last post in Paris over half a century later.

Jurek Martin

Ecuador at standstill as unions call

yesterday as unions began a troops to maintain order. 48-hour general strike to protest at government austerity demonstration in Quito, the measures and call for the capital, culminating in a resignation of President march on Congress to Abdalá Bucaram, Renter demand Mr Bucaram's resigreports from Quito.

Banks, financial markets and industry in the capital

Unions planned a huge nation.

Government offices also were shut, as Mr Bucaram earlier gave public workers a

Ecuador's industry and declared e "state of mobilisa- day off to coincide with the on Tuesday night, Mr government launched an sador warned commerce were paralysed tion", allowing it to use strike. Oil industry unions Bucaram called for talks economic austerity package. "deep-seated corrections are considered to the constraint of the coincide with the on Tuesday night, Mr government launched an sador warned commerce were paralysed tion", allowing it to use strike. Oil industry unions

Ms Rosalia Arteaga, the vice-president, added to the turmoil surrounding the government, saying she wanted to replace Mr Bucaram if he resigned or was dismissed

from his post. In an address to the nation ary when the six-month-old

have said they would join between the government. unions, social organisations, indigenous groups and business to "construct a new state" and stimulate the

> есопоту. Opposition groups and students have staged protests since the beginning of Janu-

Mr Bucaram said be respected the protests but added that the government

lic transport.

would not permit attacks on private property nor aggressive provocation. Last month, the US ambas-

including price rises for elec-

tricity, telephones and pub-

and that it could have an impact on US investments The US yesterday urgad

"deep-seated corruption"

was taking root in Ecuador

that

the people of Ecuador to refrain from violence and called for a "broad national dialogue" of the country's political leaders.

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ii - General Information

1. The bids should be presented in sealed envelopes until 16:00 hours of 20 February 1997; at the haedquarters of Grupo Trevo on Av. Padre Cacique no. 320, Porto Alegre, RS, CEP 90810-240 - Brazil, under the name of Ms. Maria Aparecida Rafael da Silva.

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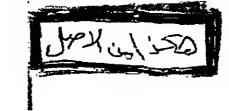
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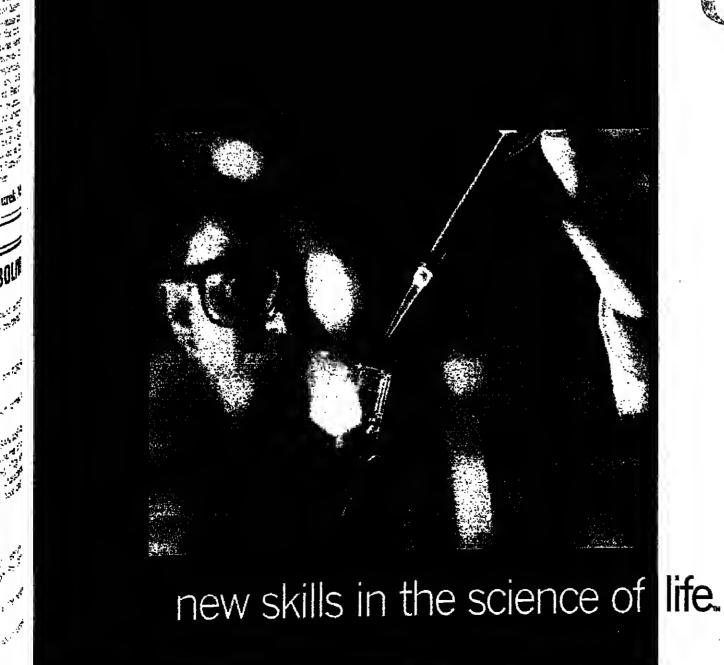
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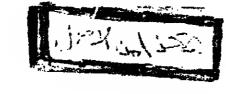
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Salomon Brothers

INNOVATION AND PERFORMANCE IN GLOBAL EQUITIES

CD software market to grow

The European market for compact disc software is predicted to expand sharply during the late 1990s, with average annual growth of 21 per cent over the next five years. A study from Datamonitor, the market research consultancy, predicts CD software sales in Europe will increase from a total of \$2.5bn in 1996 to \$6.5bn by 2001.

At present the market is dominated by CD games software, which made up two thirds of sales last year. Games software will continue to command a significant market share, although the market is moving away from software for specialist games consoles to CD games playable on personal computers.

One of the fastest growing product sectors is likely to be PC information software, which mustered sales of just \$17m iast year, but should be worth \$219m in 2001. Over the same period, sales of educational and entertainment PC software are expected to rise from \$26m to \$338m. Meanwhile the market for CD husiness software should expand from \$727m to \$2.4bn. Alice Rowsthorn, London

Dumping duties on China

The European Commission has imposed anti-dumping duties of 39.2 per cent on handbags from China, despite warnings from European retailers and importers that such a move would cost more jobs than it would create. But it has not imposed dumping duties on Chinese travel luggage and sports bags, and is expected to continue an investigation into imports of briefcases and school bags.

The three investigations had been conducted in parallel following a complaint by the European Committee for Leather Goods industries last March. The Brussels-based Foreign Trade Association, which represents importers and lobbied hard against duties in all three cases, has said it will press for the handbag duties to be overturned The FTA and a group of retailers and luggage makers

warned the Commission in December that duties would drive up costs. The EU's Official Journal yesterday said the Commission had found Chinese handbag manufacturers had "significantly undercut [EU] producers' prices, eroding profitability and causing a gradual reduction in employment as well as a number of company ciosures".

Gazprom pipe insurance

Lloyd's of London is to insure tha sprawling and dilapidated network of pipelines belonging to Gazprom, Russia's richest company and the biggest producer of natural gas in the world.

The thousands of kilometres of pipelines carrying Russia's gas reserves to markets in western Europe frequently leak. While Gazprom cannot afford to repair its ailing pipeline infrastructure properly, it is concerned about the financial impact of frequent leakages and the insurance contract is designed to protect it against commercial loss.

Mr Ronald Sandler, chief executive of Lloyd's, said Gazprom had unusual insurance needs, He said the contract, under which London-based underwriters will provide reinsurance for a premium thought to be in excess of \$10m, showed bow Lloyd's was seeking new Christopher Adams, Insurance Correspondent

US business to fight sanctions threat

By Nancy Dume in Washington

Mr Clayton Yeutter, a former US trade representative, and Mr Micbael Barnes, a former congressman, will help lead a campaign by US companies to counter the increasing threat of US economic sanctions by Congress, state and local government.

signed up to the campaign, organ- and environmental sanctions. ised by the National Foreign Trade Council, which will also seek participation by labour unions and non-governmental organisations.

"We are under no illusion about the difficulty of this task," said Mr Lewis, whose group is to release a Daniel O'Flaherty, a council study on US sanctions later this vice-president. Countries subject to month.

US sanctions now account for 40-50 per cent of the world's population and 20 per cept of the world's trade, according to the National Association of Manufacturers.

This, said Mr Howard Lewis. NAM vice-president for trade and technology policy, is a conservative estimate, and excludes countries liable to sanctions which have not Thirty big companies have yet been imposed, as well as trade

Although US companies may not be banned from operating in the countries subject to sanctions, they have been increasingly affected by the climate so created, said Mr

Tha last Congress employed sanctions widely in an effort to promote democracy and human rights, passing bills aimed at Cuba, Libya, Iran and Burma and debating limits on investment or trade for China, Cambodia, Haiti, Indonesia, Nigeria, Pakistan and Turkey. The targets have mainly been foreign companies.

This proliferation of measures and the enmity they have generated abroad - have made business increasingly nervous. "US companies are worried they will be seen as unreliable suppliers," said Mr O'Flaherty. "We've had reports of US companies losing contracts because European companies are writing them out of specifications."

Mr Bill Lane, Washington direc-tor of Caterpillar, said his company lost an engine sale in Canada "because a small portion of the end product was destined for the Middle East, and the customer thought it would be easier to buy from a Germany company."

With the administration considering imposing investment sanctions on Burma, representatives of Unocal, a partner with France's Total and others in a \$1hn offshore natural gas project in Yadana, Burma, are in Washington this week demonstrating their efforts to help Burmese villagers. The project partners have rebuilt clinics and schools, hired doctors, established a pig farm, a livestock breeding

project and a shrimp farm "Pepsi has pulled out of Burma," said Mr Jack Rafuse of Unocal. "You can make and sell Pepsi in a

lot of places hut you can't find world class gas fields right next to gigantic hurgeoning markets in a lot of places." In addition to opposing sanctions, the NFTC coalition will propose alternative policies - incentives including foreign aid, visa

denial and exclusion from sporting events. "We want to ensure that the US has carrots as well as sticks by which to persuade foreign governments," said Mr Lane. "Wa will redoubla our efforts to lobby aggressively for the foreign

American Burma boycotts start to bite

Ted Bardacke on a growing dilemma facing world companies

US and Ericsaon of Sweden recently faced a as well," adds Mr Ammiano. dilemma. The companies' global ambitions bad led them to establish operations in Burma, but at the sama time they were bidding against each other to provide a \$40m (£25m) emergency radio system to the city of San Francisco, which last year passed a law prohibiting city contracts from going to companies that do husiness in the military-ruled south-east Asian nation.

Ericsson, having signed deals with the Burmese junta worth an estimated \$3m, stuck with the generals, Motorola, whose lone Burmese sales manager had yet to drum up much business, joined the growing corporate exodus from Burma and is now almost certain to win the San Francisco contract, according to city offi-

Motorola cited cost cuts for its decision, hut Burma cited as the main reason boycott activists claimed vic-

tory nonetheiess. "I guess Motorola wanted our \$40m more than tha generals' change," says an aide to Mr Tom Ammiano, San Francisco supervisor, who sponsored the legislation.

Telecommunications "We've shown local action rivals Motorola of the can cost global companies not only dismay but money

> Often characterised as mere moral gestures, atata and local "selective purchasing" legislation, affecting billions of dollars in government contracts in the US, is heginning to exact a toll on companies around the world. Several cities and one state, Massachusetts, have enacted bans or penalties on companies that do businesa in Burma.

Similar ordinances are being considered in the country's most populous state, California, and its two largest cities, New York and Los Angeles. Activists, prodded on hy the Burmese democracy leader, Ms Aung San Snu Kyi, who supports such legislation, are saying that in 1997 the crusade will spread to cities in the UK, Canada and Australia.

Whereas the threat of consumer boycotts has been retail products companies such as Kodak, Walt Disney and PepsiCo have pulled out of Burma recently, selective more pressure on infrastructure and information technology companies.

keep its hold on the state's lucrative market for educational computers, said in October it was pulling out of Burma to comply with the Massachusetts law.

Non-US companies are starting to take notice. "I don't know what's driving our business in the US but if this movement really spreads, I'm afraid the directors in Tokyo might decide to sacrifice my job for its US business interests," says a Rangoon-based Japanase executive with a company that has extensive dealings but is losing money - in

The European Commission has formally protested to the US State Department about the Massachusetts law. It says the law violates US federal government commitments on government procurement contained in the General Agreement on Tariffs and Trade, It has threatened to bring the issue to Gatt's successor, the World Trade Organisation, for set-

The Japanese government has also asked the US trade purchasing legislation puts representative for a "legal opinion" on the matter. Thai officials say several members of the Association of

Apple Computer, keen to South East Asian Nations, by far the largest foreign investors in Burma, have raised the issue informally with the ITS and it may be discussed at a meeting of Asian and European foreign ministers in Singapore next

> "This is going to get very political, and we have the legal arguments to counter the European claims," says Mr Simon Billenness, an analyst with Franklin Research in Boston, which manages more than \$500m in "socially responsible" investments and advocates selective purchasing legislation. "It's no longer just an issue of human rights in Burma but states' rights in the US, which hits on a raw perve at the WYO.

> The EU and Japanese protests prompted by the Massacbusetts law as well as fears that the state might extend the provisions to companies doing business in Indonesia, as was recently proposed in the state legislature to protest buman rights

violations in East Timor. But the next showdown will again take place in San Francisco, where a \$123m contract originally awarded The EU and Japan have complained to the US State Department and trade representative's office about Massachusetts' foreign policy, prohibiting the state from having dealings with companies doing business in Burma, Reuter reports from Boston.

The EU claims the 1996 Massachusetts state law is "a

breach of US international obligations and as such could have a damaging effect on bilateral EU-US relations", according to a letter Mr Hugo Paemen, EU ambassador to the US, has sent to Massachusetts Governor William Weld. Several US cities have also passed selective purchasing

laws against companies doing business in Burma, but Massachusetts is the only state and the largest market to boycott such companies. It issued a list of companies with which it will no longer do business, including some 30 Japanese ones such as Sony.

Industries for a transportation system at the city's airport is mired in a legal dis-

On December 23 the city's the selective purchasing law did not apply as it was an antonomous organisation and is exempt from the policy. At the commission meeting approving the contract, Mitsubishi Heavy claimed it had no business dealings in

Burma. Technically that is correct. But the Mitsubishi Group, to which Mitsubishi Heavy belongs, is heavily involved in trading activities in Burma and in 1995 signed an investment and co-operation agreement with the military junta, leading to a meeting

to Japan's Mitsubishi Heavy between Mr Minoru Makihara, the company president, and General Than Shwe, the junta chairman, in Rangoon last vear.

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The airport contract is airport commission now being challenged in approved the deal, claiming court on several grounds. highlighting tha fact that many of the selective purchasing laws have a variety of loopholes - financial, technical and humanitarian that will inevitably ba exploited by lawyers on both sides of the issue whenever a contract is challenged.

Indeed, if Mitsubishi Heavy eventually loses out it may challenge the next bldder in line, AD Tranz, another US company, hecause that consortium may use equipment from Asea Brown Boveri, which

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THE JAPANESE WARRANT FUND

European Bank & Business Centre 6, route de Trèves, L-2633 Senningerberg R.C. Luxembourg B 31629

In accordance with Art. 67(5) on the Luxembourg Law on Commer cial Companies, the Board of Directors has resolved to postpone the Annual General Meeting of the Company initially scheduled to be held on 15 January 1997 at 4:00 p.m.

The shareholders of the THE JAPANESE WARRANT FUND ("the Company") are hereby convened to the postponed

Annual General Meeting

to be held at the registered office of the Company, European Bank & Business Centre, 6, route de Trèves, L-2633 Semiffigerberg, Grand Duchy of Luxembourg on Friday 14 February 1997 at 4:00 p.m. for the purpose of considering and voting upon the following agenda:

By Order of The Board of Directors HENRY C. KELLY, January 1997

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Economic sanctions: US success and failure

World War i - present

Number of sanctions used by the US. Number of sanctions that sought modest

Number considered successful Since 1973 -

Number of sanctions that sought modest. change in policy Number considered successful Number of sanctions that dealt with human

rights Number considered successful



chieved 9 per cent growth tinued growth, however, bave been moderated by the performance of tha Mexican

Mexico's growth has been the result of the diversion of investment from the Carib- all US ciothing imports, the undermined. Several Jamai-

demand. The American Textila the Caribbean Basin industries, and others

accounts for 16 per cent of exporting to the US, could be

The industry brings jobs to areas with traditionally high unemployment.

urged to act on regional pacts

By Guy de Jonquières

The World Trade Organisation needs to start developing effective diaciplines soon to stop regional trade arrangements (RTAs) weakening its authority and obstructing global economic integration, a committee of international trade experts

has warned. While they find no conclusive proof that RTAs always harm non-members by discriminating against their exports of goods and gervices, they find enough evidence that they can cause economic damage to warrant

stricter WTO policing. An economic analysis prepared for the experts' report* says the enlargement of the European Union in 1994, to include Austria, Finland and Sweden, appeared strongly to suggest RTAs could distort trade at the expense of third parties.

In the two years after enlargement, the relative importance of intra-EU trade to its members grew 10 per

cent, but the importance of EU members in the rest of the world's trade fell 44 per

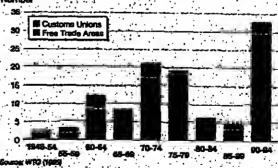
Much the same sbift occurred in trade among tha six members of the Gulf Co-operation Council after their free trade pact took effect in 1983. Trade among members of the North American Free Trade Agreement exhibited a similar, but less marked, trend.

Mercosur, the four-nation Latin American grouping, the Central Europe Free Trade Area and the Israel-US Agreement had all seen trade among members increase faster than trade with non-members.

The only examples of external trade growth outpacing infra-regional trade were after the formation of the European Economic Community in 1958, its admission of Greece in 1981 and the expansion of the Association of South East Asian Nations in 1991. The report concedes that

beneficial results cannot be taken for granted. It warns that unless the WTO acts soon to draft new rules for RTAs, its ability to protect and advance the interests of required to move towards

Regional agreements notified to Gatt



isation by spurring unilat- challenge. eral market-hased reforms and encouraging bealthy competition among countries to lower their trade and RTAs: inward investment barriers,

However, It says, such RTAs can, in theory at least, all participants in world common trade rules.

promote multilateral liberal- trade will face a serious The report makea five main recommendations for more effective policing of

> • The WTO should set stiffer criteria for RTAs, covering Most Favoured Nation tariff treatment, rules of origin and transparency and enforcement.

• RTA members should be

 RTAs should be obliged to remain open to new mem-

 The WTO should develop rules to prevent RTAs distorting foreign direct investment flows.

The WTO should actively

promote compatibility between RTAs and its own rules hy monitoring their compliance and encouraging their members to use WTO procedures to settle disputes.

The nine-member committee which wrote the report was chaired by Professor Jaime Serra, a former Mexican finance minister. Other members include Mrs Carla Hills, a former US trade representative, Mr Julius Katz, her former deputy, and Professor John Jackson of Michigan University, a lead-

ing trade lawyer. * Reflections on Regionalism; Carnegie Endocoment for International Peace. Availoble from: The Brookings Institution Press, Department 029, Washington DC 20042-0029. Tel: 202-797. 6258. Fax: 202-797 6004.

mexpatr Somerset Number considered failures data ware complied from a study conducted by the trettible for time mics and published in a book entitled Economic Senctions Reconsidered, w on, Gay Clycle School, Juleany J. Elliot, Kimberly Ann. المرادينيات يامان الجهداق إيواالان دارد فيا المهمهريت يستويد Sedgemoor is a pro-business Bottling Pepsi in Burma: the company has now pulled out ment. It also happens to be one of the best locations for 32. business in the country - with 1. Submission of the Report of the Board of Directors and of the Caribbean garment makers' Nafta fear prime sites located on the M5 Motorway, And it's a beautiful 2. Approval of Annual Report for the year ended 30 September 1996; part of England. Before you make a move, talk Section 1 3. Discharge of the Directors: . . 4. Election of Directors and Auditor; to us. You'll find we'll bend over industry, whose apparel bean Basin," exports to the US between This concern, however, is Asean group 13.6 per cent, Hong Kong 10.8 per cent, China 10 per cent and 5. Any Other Business. By Canute James :17 = ... backwards to help. Our reiocated in Mexico, accordinformation pack includes useful Resolutions on the agenda of the Annual General Meeting will January and October grew rejected by the Mexican 4.5 ing to the Textile and require no quorum and will be taken at the majority of the shareand practical advice on a wide Garment makers in the industry. The growth of Mex-Mexico 9.4 per cent. 1.4 36 per cent. Apparel Institute. The holders present or represented. A shareholder entitled to attend range of important issues, such as Caribbean exporters are Caribbean Basin exporters Caribbean Basin, looking ican exports to the US, it Jamaican government recently offered the industry and vote at the meeting may appoint a proxy to anend and vote on his behalf and such proxy need not be a shareholder of the Company. concerned that a larger, with growing discomfort at says, has been not at the plan to renew a request to Property Register the rspid growth in Mexico's more efficient Mexican ciothexpense of Caribbean export-Canada, Mexico and the US \$6m to improva its competi-Lists vacant land and premises. 17. In order to be able to attend the meeting, holders of bearer shares clothing exports to the US, ing industry, helped by ers, but of the more tradifor "Nafta parity" for their tiveness. membership of Nafta, will exports to the US and Can-Caribbean officials say the Industrial Estates must deposit their bearer share certificates five working days prior are pressing for "Nafta partional suppliers in the Far to the meeting with the following institution: East. US ciothing imports ity". They fear North Amereat into Caribbean markets. ada. The 24 countries in the US government has prom-Register ica Free Trade Area restric-We are not unduly worfrom Hong Kong and the US Caribbean Basin want to be ised it will put Nafta parity Reedietbank S.A. Luxembourgeoise - Conservation Titres A list of companies on the mair tions could cost them much have declined in recent allowed to export clothing $\mathcal{A}(g_{(2)})$ ried just about Mexico's 43, boulevard Royal - L-2955 Luxembourg on the legislativa agenda. estates and what they do. growth, but concerned Caribmonths due to a dispute over of their \$6bn-a-year market. and other products without But several admit privately Shareholders who cannot personally attend the meeting are We can also tell you all you need The Caribbean industry bean Basin producers could rules of origin, and Mexico qualitative and quantitative 200 they expect Mexican apparel to know about requested to use the prescribed form of proxy (available at the go under because of it," said has stepped in to meet restrictions. producers, and US producers registered office of the Company) and return it at the latest two Mr Peter King, chairman of in its exports to the US If they are not allowed which fear a flood of competworking days prior to the date of the Annual General Meeting to between January and Octothe Caribbean Textile and • Premises • Local Economy this, argue the region's govitive Caribhean exports, to the Company, c/o Fleming Fund Management (Luxembourg) Apparel Institute. "Some of Manufacturers Institute says ber last year. Hopes for conernments, their apparel oppose the request.

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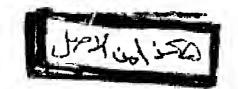
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NEWS: UK

Cancellation of 'super jumbo' casts shadow over plan for extra terminal at London hub

Heathrow expansion dispute rekindled

By Michael Skapinker. Aerospace Correspondent

BAA, the owner of London's Heathrow airport, and British Airways were asked yesterday to explain how they would keep the number of flights to an acceptable level now that Boeing had shelved plans to build a 550-seat "super jumbo". The request came from the chairman of an inquiry into plans to build a fifth terminal at the airport, Britain's biggest.

BAA and the airline have said thet, while the fifth terminal would increase the number of passengers using the airport from 56m last

small rise in the annual number of future traffic forecasts for a fivecraft would be used, including a changed. He asked whether Heathnew generation of super jumbos.

Boeing last month said, however, that it was dropping plans to produce an extended version of its 400seat 747. The company said that, while it would continue to study a larger aircraft, there was insufficient demand to justify building a 550-seater. Airhus Industrie, the European consortium, has said it will go ahead with its planned 550seat A3XX

Mr Roy Vandermeer, the inquiry chairman, gave BAA and BA until February 25 to say whether the year to 80m, there would be only a Boeing announcement meant

flights. This was because larger air- terminal airport needed to be row would be able to continue its practice of using one runway for take-offs and one for landings. Opponents of the planned terminal fear Heathrow plans to use the two runways for both landings and take-offs, greatly increasing noise

> The terminal's critics were quick to describe Mr Vandermeer's questions as a blow to BAA's case. Mr Dermot Cox, chairman of the Heathrow Association for the Control of Aircraft Noise (Hacan), accused BAA of misrepresenting "the true increase in noise pollu-

tion which such a massive expansion of Heathrow would cause, Boeing'a decision to cancel the super jumbo only highlights the lack of any foundation for BAA's claims." BAA said that Boeing's cancella-

tion of the super jumbo did not affect its forecast of the number of flights that would follow the building of Terminal Five. Mr Michael Maine, BAA's technical director, said airlines were already using larger aircraft at Heathrow.

The average number of passengers per aircraft had grown from 126 in 1994 to 133 in 1996. This trend would keep the number of flights down. Mr Maine said BAA had no plans to change the way it

used its runways BA said it was atill looking at the Airbus plans for a 550-seater.

Mr Vandermeer said vesterday the inquiry would probably con-tinue until mid 1998. When it began in May 1995, officials forecast it would finish by the end of 1996. Heathrow is the world's busiest

international hub. It handles some 54m passengers a year and more flights to more overseas destinations than any other airport, some 1,100 daily to 213 cities and resorts in more than 80 countries. The tifth terminal is intended to enable Heathrow to cope with an expected doubling of worldwide air traffic by the end of the next decade.

warn over

North Sea

cod stocks

North Sea cod stocks, one of

pean countries, are close to

As much as 60 per cent of

the fishable cod stock is

each year and drastic action

say the scientists from Scot-

and effective action to pro-tect the stock and avoid the problems of the much publi-

cised collapse of cod stocks

off the coast of Atlantic Can-

ada," they warn in Nature

The warning led to disagreement yesterday between two UK government

The Ministry of Agricul-

ture. Fisheries and Food in

London said European

Union member states bad

already responded by cutting

cod quotas for the North Sea

by 11.5 per cent in Decem-

ber. "This is consistent with

the advice from scientists,"

But Mr Robin Cook,

author of the report and a

scientist with the Scottisb

Office marine laboratory in

regularly circumvented by

fishermen: "The control mecbanism is not succeed ing. It's not adequately

Mr Cook said the propor-

tion of the annual total cod

stock removed from the

North Sea should be reduced

to a maximum of 45 per cent.

The time fishing vessels

spent at sea could be limited

or fleets cut in line with pro-

posals from the European

A Paris lawyer has lodged

a complaint with the Euro-

pean Commission against

both the UK and Guernsey

over the way that one of her

clients, a Granville-based

fisherman, was treated in a

British court, writes Philip

Jeune. Mr Jean-Pierre Lever-

ier, was fined £10,000

(\$16,200) in Guernsey's mag-

istrate's court last year for illegally fishing in Channel

Island waters. He claimed in

court that tha regulations

were confusing and that be

had been fishing the area for

35 years. His lawyer, Mrs

Monique Fauchon, claims

that she was wrongfully

refused permission to

"There is a need for swift

land, Canada and Iceland.

By Alison Maitland

warn today.

magazine.

departments.

said an official.

enforceable.

Commission.

UK NEWS DIGEST

Overseas aid below average

UK government aid to developing countries fell 6 per cent to £3.2bn (\$5.2bn) in 1995, the Organisation for Economic Co-operation and Development said yesterday. Britain now contributes 0.28 per cent of gross national product in aid to the developing world, below the industrial country average of 0.41 per cent.

This puts the UK 15th in the list of 21 rich developed countries analysed by the OECD, the Paris-based organisation which acts as a think-tank for 29 of the world's richest nations. It now lags behind countries such as France, Germany and Denmark.

■ CHANNEL TUNNEL

Operator opts out of price war

Eurotunnel, operator of the Channel tunnel between England and France, yesterday signalled its withdrawal from the fierce price-cutting war which has depressed its own earnings and those of the cross-Channel ferry compa nies. The battle meant that day trippers from England could sometimes make the crossing for £1.

The company's passenger sbuttle division announced increases of between £40 and £70 (\$113) in its spring and summer tariffs. "We are confident these are the right prices," said Mr Bill Dix, managing director of passenger shuttle services. "We had a false markat when the ferries threw extra capacity on to the Dover-Calais route, but we believe there will be a rationalisation." But there was no sign yesterday that the ferry companies would copy Eurotunnel's move. P&O, the biggest ferry operator on cross-Channel routes, plans fare reductions of up to 25 per cent.

■ INFORMATION TECHNOLOGY

Water company sues Oracle

North West Water, a former state utility, has begun legal action against Oracle, the leading database software company, over what it claims is the failure of the company to deliver a new operations management computer system. The suit, disclosed in today's edition of Computer Weekly the trade magazine, is the latest in a string of high profile disputes between customers and IT suppliers in the UK.

This dispute involves a contract signed by North West Water and Oracle in April 1994. Under the contract Oracle was to design and develop a system known as OPMS 4.0. Work on the project, valued at £2.4m (\$3.8m), stopped in August 1995 with both sides blaming each other for the dispute. Yesterday North West confirmed that it bad begun legal action because "efforts to resolve the dispute have failed". Mr Alan Laing, in charge of Oracle's European legal affairs, said: "Oracle is vigorously defending this action."

■ ITOAD.?

Agency chief banned as director

Mr David Coulthard, managing director of a leading Lloyd's of London members' agency, Cox Tudsbery & Wills, has been disqualified as a company director for four years by a High Court judge in London. The actioo followed an investigation begun in 1994 by the UK government'a Department of Trade and Industry into the activities of Mr Coulthard while be was a director of Dawes and Henderson, a members' agency which went into liquidation four years ago.

In 1989, Cox Tudsbery & Wills was acquired by a subsidiary of Cox Members' Agencies, which is not related to Cox Insurance Holdings, a quoted insurance company. Mr Hugh Shuttleworth, now a non-executive director with l'udsbery & Wills, has been disqualified as a compa director for five years and Mr Alan Dawes disqualified for

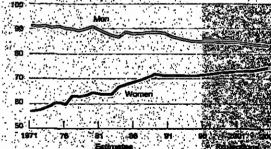
■ COPPER TRADING

Contempt case judgment reserved

The High Court in London yesterday reserved judgment over whether senior Serious Fraud Office staff, including its director Mr George Staple, committed contempt of court over their handling of the continuing investigation into the Sumitomo copper scandal. Lawyers for Mr Jeffrey Green, an accountant from Radlett, north of London, claim that the SFO breached court orders imposed after it had seized computers from his offices. The SFO denies the claims, insisting they are an attempt to embarrass the office. Judgment is expected today.

■ ECONOMIC ACTIVITY

Men in retreat



More women to join workforce The feminisation of the UK labour force looks set to con-

tinue until at least 2006, with women aged between 25 and 34 expected to record an 8 per cent growth in economic activity and those aged 60 to 64 a rise of between 5 per cent and 6 per cent. By 2006, 45.3 per cent of the workforce will be women, compared with 44 per cent in 1996. Slight falls are projected in male activity rates for all age categories, the biggest being a 2 per cent drop in the 55 to 59year-old group. The workforce will be older in 10 years' time: there is a projected rise of 2.3m in the number of people over the age of 35 in the labour market and a fall of 1.1m of those imder 35. However, the UK's labour force is also projected to increase by 1.2m on today's figure of

■ PILOT TRAINING

BAe warns of Hawk problem

British Aerospace has advised customers using older versions of its Hawk advanced jet trainer aircraft not to fly the fighter following a problem with a Royal Air Force Hawk. The RAF has grounded its Hawk fleet, including the Red Arrows display team, following an incident last Thursday when a pilot from an RAF training base reported difficulty with the tailplane. A subsequent investigation revealed a problem with one component in the tail control system. As a result BAe advised other users of the jet trainer not to fly Hawk aircraft which have logged more than 600 hours until the exact cause of the problem has been identified.

The company said that it was optimistic that the prob-lem would be resolved quickly. The Hawk is one of BAe's big export success stories, with aircraft being used by the US, Saudi Arabia, the United Arab Emirates, Malaysia, South Korea and Indonesia.

Minister sets 'tough' target for tourism rise

Leisure Industries Correspondent

The government yesterday set growth targets for the UK's tourism industry in an effort to increase its earn-

Mrs Virginia Bottomley, chief heritage minister, said no extra state funding would be available, and that the targets were tough, but years. nonetheless achievable.

She said the £37bn (\$60bn) sector accounted for more tourism is to beat the per cent under the present than 5 per cent of gross annual average growth in

be able to provide more jobs than manufacturing on current trends by 2012.

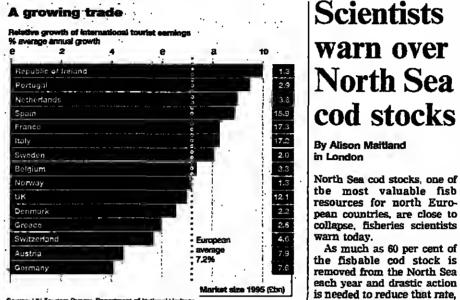
The action plan calls for growth in earnings from overseas tourists to exceed the annual average for the European Union.

Britain last year beat the European annual average of 7.2 per cent recorded between 1980 and 1995, but it underperformed in earlier The target for growth in

earnings from domestic

domestic product. It would all consumer spending. The latter was 0.9 per cent a year between 1990 and 1995 but domestic tourism earnings grew at an annual average of only 0.6 per cent.

Mr Tom Pendry, the opposition Labour party's spokesman on tourism, said the plan lacked proposals for legislation improving partnerships between local anthorities, tourist boards and the private sector. He said Britain's share of the world tourism market had fallen from 6.7 per cent to 5



Accountancy Correspondent

The US Financial Accounting Standards Board bas bit back at leading UK critics of its principles in an unprecedented attack, claiming that any alternative would undermine the integrity of company balance sheets.

Mr Jim Leisenring, deputy chairman of the Financial Accounting Standards Board, says that "assets and liabilities are the anchors of accounting" and are under threat

at Mr Ron Paterson - technical partner with Ernst & Young - which last year launched an attack on the direction of accounting in the UK.

E&Y said that the UK's draft statement of principles - which is similar to frameworks drawn up by the US and the International Accounting Standards Committee - was full of the "rhetoric of theorists" and not the "language of business".

More recently Mr Paterson attacked the direction of accounting under the International Accounting Standards Committee and Its efforts to establish definitions of assets and His attack is directed specifically liabilities. As a result he said compa-

nies would be forced to "count their

chickens before they were hatched", Mr Leisenring says that all the world's leading standard setters are agreed that balance sheet items need to be accurately measured before income can be reported. This approach dramatically reduces the opportunity to manage the number reported as net earnings", he writes,

He alleges that Mr Paterson has not put forward a workable framework to underpin his view, which E&Y says is shared by ordinary business people, that financial reporting should be about allocating profit to

"He says that my approach is not operational - well it's what accountants have actually been doing for decades," retorts Mr Paterson. "This is like scientists trying to tell the bumble-bee that it is aerodynamically unable to fly.

"I don't accept his view that a balance sheet approach is necessary to impose greater rigour and that my approach is an 'anything-goes' sys-

"The real trouble with his approach is that it doesn't actually work. As a result standard setters often apply my approach in reality, but use the language of their own."

on pensions for expatriates

By Nicholas Timmins, **Public Policy Editor**

MPs should be allowed a free vote in the House of Commons on whether the UK should spend an extra £255m (\$410m) a year to unfreeze the pensions of 433,000 British pensioners living outside the UK, a committee of MPs said yesterday.

UK citizens have their pensions indexed if they retire to a European Union state or the US and some other countries with which the UK has bilateral social accurity agreements. Elsewhere in the world - including Australia, Canada, New Zealand and South Africa - pensions are frozen at the date of emi-

Failure to increase pensions for what campaigners have dubbed the "hero generation" who fought in the second world war has caused marked tensions with Australia and Canada. Australia

has accused the UK of "reneging on its welfare responsibilities at the direct expense of the Australian

taxpayer". The present rules can leave someone who emigrated on retirement 20 years ago on a pension of £10 a week. However, finding an extra

£255m on top of the present sum of almost film paid to expatriate pensioners would be "a formidable challenge for any government", the committee warns. The government has refused to act on financial grounds and the opposition Labour party has said it would not be a top priority if it wins the coming general election.

The Canadian High Commission in London said the report was "not optimal, in the sense that it has not rec-

MPs urge vote Foreign secretary takes harder line over euro

By John Kampfner, Chief Political Correspondent

yesterday hardened its terms for participation in European monetary union, arguing that Britain might choose not to join even if the system proved economi-

cally viable. Mr Malcolm Rifkind, the foreign secretary, described as "absurd" the opposition Labour party's assertion that it would base a decision purely on a "hard-headed" look at the economic circumstances at the time.

Mr Rifkind was responding to a keynote speech by his Labour opposite number, Mr Robin Cook, who said Labour recognised the "potential attractions" of a prices and removing transaction costs.

Those benefits could only

proceed, any responsible British government must eep under review whether The UK government Britain continues to stay outside it."

But be added: "This emphatically does not mean that Labour is committed to signing up to the single currency in 2001, 2002 or 2003. We are keeping our options for those years every bit as open as our options for

Rifkind called Labour's approach to Europe "naive, inconsistent and incompetent: Labour's public concession of so many important negotiating objectives of other European countries is undermining Britain's negotiating position in the IGC". A Conservative govern-

single currency in giving ment, Mr Rifkind said, greater stability to export would not take Britain into monetary union unless it was convinced the benefits outweighed the drawbacks. Labour "have now taken a

Mr Rifkind denied that his tour of EU capitals to criticise the approaches of mem-

ber governments – and Mr John Major's robust speech more confrontational atti-But in Brussels, Mr Jacques Santer, European Com-

ission president, said Mr Major's disparaging depiction of the social chapter was "a caricature". Delivering a detailed rebuttal of Mr Major's attack, Mr Santer said employment protection and competitiveness were not only compatible but complementary.

"If the single currency does technical criteria were met". The Conservatives, by con-

trast, would "look at the wider issues'

on Tuesday - marked a

"The social chapter is a platform for good industrial relations which, as experishows, can be harmonious, matura and non-conflictual," Mr Santer said.

ence in many member states "There is no mass of legisla-

address the court and that ommended uprating". But it be realised, however, if tion emanating from Brusdecision in principle that Mr Leverier was illegally was "a step forward" for an issue which Canada would there was a "genuine convergence of real economic they would wish to join a sels, choking businesses to held for more than 24 hours after his arrest. performance", Mr Cook said. single currency if certain continue to press. Pay freeze threatened for judges and admirals

The Scotsman who hopes to be the next chancellor of the exchequer talks to Robert Peston

Three words constantly crop up in any conversation with Mr Gordon Brown about his ambitions for a Labour government: priorities, toughness and fairness. Classic statements from the par-

ty's shadow chancellor of the exchequer include "we have got to distinguish between high priority and low priority areas [of spending]" and "it is a case of toughness allied to fairness". Both were said in an interview with the Financial Times in

defence of Labour's decision to

oppose pay increases for top armed forces personnel, judges and senior civil servants - and to rule out a salary rise next year for ministers The senior salaries review body has recommended pay rises well above inflation. Some judges, civil servants and senior officers would

receive more than twice the 2.5 per cent headline rate. Mr Brown said a Labour government would not implement such rises. Under Labour, a High Court £10m and £20m of potential spend-



judge - currently earning £104.439 (\$169,190) a year - would miss out on a rise of around £5,000, and a rear-admiral earning £66,290 would be forced to forgo a £3,000 incre-

The importance of the move for Mr Brown lies in the signal it sends, rather than in the total sums eaved. Just 5,000 people would be affected and between

Gordon Brown

 1951 born second of three sons of e Church of Scotland minister • 1960s educated at Kirkeldy High School in Scotland;

lost sight in one eye in accident during rugby match 1972 voted student rector of Edinburgh University, gained

first-class degree in history. • 1976 lecturer in politics

• 1979 faile to win Edinburgh seat in House of Commons ● 1980 joins Scottish TV as journalist

• 1992 shadow chancellor of the exchequer

■ 1983 elected Labour MP for Dunfermijne East in central Scotland ■ 1987 appointed a junior Labour finance spokesman 1989 chief industry spokesman

• 1994 party leader John Smith dies: Brown stands aside from contest

and thus helps his friend Tony Blair to win leadership

ing would be recouped. Mr Brown wants to show that Labour is serious about curbing the growth of public spending - and that if nurses and teachers have to make ership' For the governing Conservatives sacrifices, bigger ones will be

lic servants. "We have got to be prepared to make tough decisions," he said. He insisted be would "prefer not to do thia" and was "not doing it reinvigorate the top rungs of the

demanded of the highest paid pub-

lightly". But at a time when borrowing is too high - and falling only slowly - it was right "to ask" top public servants to "show lead-

the decision will send a completely different signal. They will say it shows Labour is still gripped by the politics of envy and that it the full rise. Public sector pay is undermines government efforts to now at the heart of the pre-election

Labour leftwingers may also be cool about the move. They would prefer Mr Brown to levy a new top rate of tax on all high earners, a

move ruled out last month.

more competitive.

public sector by making salaries

The government will gauge its response to Labour's initiative carefully. Attacking Labour could be risky, given the desire by ministers to phase in proposed rises averaging between 3.2 per cent and 3.4 per cent for 1.3m doctors.

nurses, teachers and lower ranks

in the armed forces. Mr Kenneth Clarke, the chancellor of the exchequer, will propose to the cabinet today that public servants should receive 2 per cent at the start of the financial year on April 1, with the balance on December L His hope is that this will make life difficult for Mr Brown because Labour will face pressure from public sector unions for immediate implementation of

TECHNOLOGY

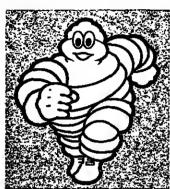
Mystery surrounds Michelin's revolutionary C3M tyre-making unit, writes David Owen

Wheel it out slowly !!

t is one of the most talked to switch efficiently between dif-about, hut least known, ferent tyres – a potentially machines in world industry. And some expect it to revolutionise the \$60hn-a-year (£37bna-year) tyre sector's manufacturing and distribution systems in a way resembling tha impact of mini-mills on the US steel indus-

The C3M is perhaps the most closely guarded secret, among many closely guarded secrets, at France's Michelin, one of the world's three tyre giants, along with Japan's Bridgestone and Goodyear of the US.

An automated manufacturing unit, in an industry where successful automation has proved elusive, the C3M is said to be able



important attribute in a market experiencing increased diversity of demand Francois Michelin, the compa-

ny's head, has compared its potential industrial impact to that of the float glass process which revolutionised glass making after its introduction by the UK's Pilkington in 1959.

Stephen Reitman, an analyst with Merrill Lynch in London. says the C3M "delivers a very substantial increase in productiv ity" and "seems to be in advance the competitors".

During a rare visit last week to the company's higgest tyre testing facility at Almeria in southern Spain, Michelin executives were silent on the machine'a technology. The group has always designed and assemhled its own machinery, helieving that it is important to have expertise in all areas that could help it improve the performance of its products.

They were more forthcoming ahout how C3M could reshape the industry, outlining a vising of a network of small plants serving relatively confined regional markets, in the way that mini-mills largely do in the steel sector.

one day be able to place an order with a local C3M facility and take commercial scale so slow? delivery of the newly manufac-

tured tyres the next morning. The executives are reluctant to estimate how long this is available for a significant part of the market. They acknowledge too that even after the forthcoming inauguration of the group's third C3M machine, the new technology will produce less than I per cent of its world output of passenger car tyres.

Given that experimental work on C3M is said to have started almost 20 years ago, Michelin's rate of progress seems strangely slow. If it is such an outstanding

One possibility, givan the secrecy, is that the process has heen heset by more teething problems than admitted. But analysts say that the first C3M-produced tyres to appear on the market are recognisably different from those produced by traditional methods, but very good.

A more likely explanation is that the financial and commercial circumstances that would persuade a company in Michelin's position to accelerate development are not yet in place.

The company still makes good profits with its existing machin-Tyre distributors, they say, might hreakthrough, why is introduc- ery. First-half operating profits, North America with a bang."

more than 30 per cent at FFr3.62bn (£400m) on turnover of FFr84.91bn. Christopher Will, an analyst with Lehman Brothers in London, says: "Michelin has a good profits future. This would be the case even if it scrapped C3M because the industry's fundamentals have become much stronger." Its recent priority has been to

unveiled last September, were up

cut its debt/equity ratio, which shot up after the acquisition of Uniroyal Goodrich seven years ago and was still 197 per cent on June 30 1996

The widespread introduction of C3M would probably entail a substantial cut in the workforce. Reitman observes: "C3M is the tyre industry's equivalent of the neutron bomb in terms of employment". Such cuts would help long-term profitability, hut would be highly controversial in France, where unemployment is at a post-war high. Michelin is closely associated with a single local community. the provincial French town of Clermont-Ferrand.

There appears so far to have been insufficient incentive, particularly in Europe, for the company to introduce the new technology rapidly. It claims to have relocated 40 per cent of its European machinery recently to adjust plant configuration. Hardly the actions of a company expecting the machines soon to be replaced

Analysts suspect, nevertheless, that consumers in at least one part of the world may not be kept waiting much longer before C3Mmanufactured tyres are available in relatively large volumes.

They believe North America. where tyre prices are lower and labour markets more flexible, is where the machine will first really make its presence felt. Will says: "I think C3M will arrive in

newly-synthesised proteins

events. Federal Institute for

Good for a little lighter reading

gives them aching arms and a cricked neck. Howell Design, a

Worth Watching · Vanessa Houlder



Memories are made of this

Why do we remember some events, while others slip our minds? New research into how memories leave their mark has been published that could open up new approaches to the treatment of memory loss that accompanies brain injury. stroke, Alzheimer's disease and

normal ageing. Research by scientists at the Federal Institute of Neurobiology in Magdeburg in Germany and the University of Edinburgh in Scotland have found a new insight into the links between learning. memory, protein synthesis and, ultimately gene expression, according to reports in today's Nature magazine.

Memory depends on altering the strength of the synapses, or unctions, between neurons. which is achieved by modifying synaptic proteins. Those modifications - and the memory – become long-lived as a result of a wave of protein synthesis which occurs if the synapses are stimulated eneatedly. The new research has shown that, for lasting memory, the relevant synapse must be "tagged" in a way that allows it to capture the

The findings could provide an explanation of why inconsegnential events are typically remembered for much longer if they occur around the same time as well-remembered

Neurobiology: Germany, tel 3916263426; fax 3916263426.

Most people find that reading in bed for long periods of time US design company, has tried to make reading more comfortable with a book holder that suspends the book, bands-free, up to 5ft off the

The device, which can be adjusted to the right reading height and angle, can also be used to hold the book in front of a seated reader. The book is strapped by its cover to an easel using Velcro straps; an optical quality acrylic cover props it open. The Reader's Window costs \$249, before packaging and delivery. Howell Design: US, tel 9022534468; fax 8022538817.

Spark of inspiration

About 60 times a year, the electricity supply is interrupted briefly by storms and other events. These disruptions last less than a second, but they wreak havoc on sensitive equipment and cause companies to lose valuable production time.

Westinghouse of the US has designed a "dynamic voltage restorer" to smooth out dips in the voltage. This uses solid state davices to monitor the incoming supply voltages. If there is a voltage dip, the dynamic voltage restorer uses energy from other "phases" or from capacitors to restore the voltage. Scottish Power is installing a dynamic voltage restorer at a cost of £1.5m at the plant of the Caledonian Paper Mill, at Irvine in Ayrshire, in what it believes is the first project of its kind in Europe.

Scottish Power: UK, tel 0800 224400; fax (0)141 2487262.

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Better view of monitors

One of the disadvantages of liquid crystal display monitors, compared with cathode ray tubes, is their restricted viewing angle. Early LCD monitors often had viewing angles as narrow as 35°, Merck, the German manufacturer of LCD products, has just been granted a patent for a new technology that increases the viewing angle to 140° in both the vertical and the horizontal

Merck: Germany, tel 6151720; fax 6151722000.

Illuminating insights into quasars

physicists about the nature of quasars, the most luminous objects in with forthcoming technology.

that lacked the means to distinguisb between a quasar's luminosity in the foreground and that of its host galaxy in the back-

But a solution could be supplied by Nicmos, a near-infrared these

camera and multi-object spectrometer, which will be installed during a Hubble Space Telescope refurbishment mission due to be launched from Nasa's Kennedy Space Centre in Florida on Tues-Until now, astronomers bave day. By viewing galactic strucbeen hamstrung by equipment tures in infrared light, Nicmos should provide new details about quasars' host galaxies.

Two astrophysicists, John Bahcall, of Princeton University, and the University of Wales's Mike Disney, lead speculation over

Disney believes they may he super-massive black holes which ignite after colliding with another galaxy. Bahcall agrees that this is possible for some quasars, but counters that others appear almost "naked" or without an interacting galaxy or bost galaxy to fuel them.

The highly-sensitve apparatus uses technology inspired by heatseeking "Hell-Fire" anti-tank missiles. Because Nicmos will operperplexing, very ate outside earth's atmosphere, it

distant points of light. should see a quasar's host galaxy more clearly than ground-based observation can achieve. A second instrument, the

Advanced Camera for Surveys. will be installed on Hubble in 1999 and will use a wide-field lens to look for undiscovered quasars. The camera should be able to counter quasar-glare effectively with a coronagraphic (or screening) device which will also give it the ability to peer into a host galaxy's nucleus. Ultimately, however, ground-

then feeds a deformable (or fully flexible) mirror the correct compensations at a rate of severa hundred times a second.

based infrared observations may

give the best host galaxy-quasar

contrast. New generation Adap-

tive Optics at the Keck Telescope

in Hawali continue to reduce

earth's atmospheric distortions,

Using a laser-generated artificial

control star to measure the atmo-

spheric distortion, a computer

Bruce Dorminey

◆ First Pan-African Investment Summit ◆ PRIVATISATION IN PRACTICE

The Restructuring of State-Owned Enterprises into the Next Millennium

◆ 16-19 March 1997 ◆ Johannesburg, South Africa

The Concept

ollowing the wave of successful privatisation in Western European economies in the last 10 years, developing countries are now thrusting ahead with privatisation programmes. According to the World Bank, more than USS96bn in revenues have been derived from privatisation in poorer countries: What is Africa's share of this growing phenomenon and what lessons can be learnt from the

African experience? The Investment Summit, entitled "Privatisation in Practice - The Restructuring of State-Owned Enterprises in Africa into the Next Millennium" is the first ever attempt to discuss and dehate the vital subject of privatisation at a high-level Pan-African forum from a hands-on perspective.

Sponsorship The Summit is co-sponsored by CNN International, Goldcity Communications, Business Report, TRW (USA) and supported by the International Finance Corporation of the World Bank, it will be attended by Heads of Government, Finance. Privatisation and Industry Ministers from most African countries. It has the support of the African Privatisation Network (APN). More than 25 countries including Kenya, Nigeria, Ivory Coast, Ghana and Ugunda have already indicated their participation at ministerial level. Other supporters of the Summit and confirmed participants include: The African Development Bank, The African Import/Export Bank, Price Waterhouse USA and Pangaca Partners USA

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- CEOs and Financial Directors of Major.
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- 'African Lions' Exchange Controls
- Finding Financial Partners Future Directions

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- T Dr Karie Mbuende, Executive Secretary Southern
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- ☐ Mr David Goldberg, Special Logal Consultant. I Mr David Donaldson, Policy Analyst International
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- TMr Arnold Shipp, HSBC International Bank 🗇 Dr Alhaji Hamza R. Zayyad Executive ChairmanBureau of Public Enterprise.
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Other Invited Speakers and Conference VIPs include: President Nelson Mandela of South Africa President Jerry Rawlings of Ghana

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The fee for the Summit is the UK £750 and includes all documentation, lunches, receptions and dinners. Further information and booking form: LINDA MACHANGU

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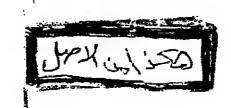
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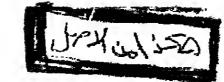
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WHITE MAN'S BURDEN Desmond Nakano

FLY AWAY HOME Carroll Ballard

THE PROPRIETOR Ismail Merchant

or its opening night the Cannes Film Festival likes to match pomp with pomp. Costume movies stiff with genteel opulence serve as looking glass to an andience dressed in everything that Armani, Givenchy and company can hurl

Picture then that audience's emotions during the first scene of last year's opener, Patrice Leconte's Ridicule. The film is promisingly set in the court of Louis XVI, but before five minutes are up we watch a man take out his organ and urinate at graphic leisure on a paralysed nobleman.

Cannes survived and so can we. Ridicule hegins victously and stays vicious. Bnt on the way there is enough to please the glad rag fanciers as well as those who want their minds set alight. Fire above; furbelow; and Remi Waterbouse's superbly finished script giving us a sort of Voltairian Mr Smith Goes To Washington.

A young idealist (Charles Berling) who comes to court to plead for a drainage scheme for his diseased swamp of a village must bend to every belle epoque rule. These include falling into bed with the court sednctress (a splendid Fanny Ardant), appeasing the arrogant toffs (Jean Rochefort, corrupt Abbé Bernard Giraudeau) and displaying wit in a society that requires verbal dexterity like a passcard.

Monty Pythoo once gave us a sketch about the high-stress com-

here is a lot going on in

ety. ("I wish I had said that": "Yon will, Oscar, you will".) In Ridicule everyone dismisses British wit, or "hiouma" as they pronounce it with faux hewilderment. The French style is more cerebral, more referentiel, more oblique, and designed to kill. Careers turnble before our eyes as a witticism falls short or goes too far. "I can also disprove the existence of God!" exclaims the Abbé jocosely. after triumphantly proving it before the King. Everyone's face grows suddenly long as the Abbé's career grows suddenly short.

Leconte, who mada Monsieur Hire and The Hairdresser's Husband, has a surreal, guerrilla grace as a filmmaker. The period details are cliché-free and bouleversants: a noblewoman's naked body blown with powder by her maidservants (few people took baths in 1780s Versallles); the Jules Verne-ish diving-suit cobbled up by the hero's marine scientist girlfriend; the philanthropist parading his deaf-mute protégés before a giggling court uncertain if it is being frisked for charity or thrilled with a freak

Justice is finally done to and by our hero, but only after he has passed through injustice and indeed embraced it. Ridicule is a film about ends and means. To buy anything valuable in this world you may have to sell yourself en route. And 18th-century Versailles, propose Leconte and Waterhouse, was one of history's great social-historical shop windows: a place where self-interest was so overdressed that it only drew attention to its lurking nakedness, and where the perfumed powder of tolletry gave inevitable way to the more cleansing powder of the Revolution.

White Man's Burden is another social fable doodling thoughts on justice and humanity. But writerdirector Desmond Nakano is no Patrice Leconte. The gimmick here is role reversal: what if an apartheld society existed where blacks held sway over whites?



shade of carroty hair, kidnapped millionaire boss Harry Belafonte, wearing the perplexity of an actor who has not been on screen for two decades? (This film was made before Altman's Kansas City.)

All that factory hand Travolta did was cast an accidental eye on Mrs B, glimpsed en deshabille through a window, while he delivered a package to B's mansion. Now he is cast out oo the streets, where vengeance is his only food. That and the plate of ketchup'd chips whose gourmet possibilities, in the film's only funny, half-human scene, are discussed in minute detail by captive and captor. It is as if a page from a Tarantino script has accidentally dropped into Nakano's ponderous problem

Where Belafonte struggles to give life to his walking cut-out, Travolta actually succeeds in plausible underclass accent (white trash crossed with Afro-American) to his hick from the town-

John Travolta, wearing a frightful ships? Are we in America or Africa? Are we in South Central L.A. or some new Soweto? Where is the detail, where is the folk culture, where is the street slang of this new imagined race war? Even a "universal" fable must have some particularity.

ARTS

Fly Away Home might have had us all flying to our anti-schmaltz pills. The spirit of Disney hovers close to this tale of a Canadian girl in a light aircraft who leads an orphaned brood of wild geese almost criminally cute as they grow from chicks to fledgelings to a migrating ground in North Carolina.

She is helped and followed by her inventor-aviator father. played by Jeff Daniels in so much hair and beard that we are amazed he can see a goose in front of his face. But we are amazed at much here: mainly at hringing anger, anxiety and a the achievement of Carroll Ballard and Caleb Deschanel, the director/cameraman team of The Black Stallion, in beating off low-

humanity and even enchantment. Impudent plot flourisbes like the aerial gauntlet run by girl and father through a city's skyscrapers - Baltimore suddenly rears out at them through the fog co-exist with an unsentimental account of re-bonding between Dad and daughter, who has spent childhood years in New Zealand. Anna Paquin, The Piano's Oscarwinner, mixes rapture with Alicelike rationality as the heroine. And even the folically unchallenged Daniels allows two sharp

the hirsuteness. A treat. Jeanne Moreau suffers long and nobly in The Proprietor, Producerturned-director Ismail Merchant, best known to oow as the right hand of James Ivory, casts the French déesse as a famous writer re-seeking her Paris roots after too many years in America.

blue eyes and a series of floppy

grins to hack their way through

Questico one: how can one have too many years in America? All buman life is there. Question two: What if unjustly dismissed worker ships. But where are these town- flying winsomeness so that their did Moreau have casting control? I ten while you may.

bope never to see performances more arch than those by Christopher Cazenove as Moreau's former husband - every emotion semaphored across the footlights - and Sean Young as a vulgar, dimwit-

ted Hollywood actress (no com-

But then with this script by Jean-Marie Besset and George Trow, who would not flounder? As a last desperate recourse, amid the stilted snobberies, sententiae and anti-Hollywood "satire", Merchant features a brief musical number sung en plein air by two leading characters. An hour earlier It might have saved things. At this stage it reminds us of the taste and timing of another famous musical opportunist, the Emperor Nero.

There is always the National Film Theatre's Howard Hawks season. The director's most cracking comedy My Girl Friday, with Cary Grant and Rosalind Russell reinvigorating the artwork formerly known as The Front Page, is there in a restored print. Has

tury styles and manners.

is experienced, or there is a good

revival director, it works; other

wise, as in Mitridate, the acting is

Only two singers had a clear-cut

profile in Mitridate. Vesselina

vocabulary of gesture to establish

the scheming personality of Far-

nace, using her rich mezzo tim-

bres to brilliantly expressive

effect; her artistry and confidence

have developed out of all recogni-

tion since I last heard her two

years ago. Bruce Ford, Covent

Garden's Mitridate in 1991, made

light of the part's ferocious vocal

demands, and cast a subdued but

dignified figure. The others sang

the notes efficiently enough, but

conveyed little palpable feeling.

The production needs extensive

re-working if it is to pass muste

Kasarova devised an intelligent

casual and ill-coordinated.

Concert At home with romantics

he Philharmonia is getting itself properly sorted out. Having settled Christoph von Dohnányi as its principal conductor, it has now announced Leonard Slatkin as its principal guest conductor with effect from the 1997/8 season.

Both appointments put the seal on arrangements which were effectively in existence already. Slatkin, who made his name as the long-standing music director of the Saint Louis Symphony, has worked for some years with the Philharmonia as his regular port of call when he has been in London. So, the cachet for the orchestra now comes in having a couple of respected names at the top of tts headed notepaper.

In musical terms, the two conductors are reasonably complementary. Dohnányi specialises in the more intellectual German composers, showing his best form recently in the concert performance of Schoenberg's Moses und Aron: Slatkin is more at bome with the romantics and has an affinity for English and American music. If they want to argue over the Richard Strauss, the Philharmonia can probably offer enough to keep them both happy.

nesday's concert at the Royal Festival Hall was Slatkin's first in London since his appointment was made public. To start, there was a slip of a novelty in Glinka's Kamarinskaya, a light scherzo with variations. A little-known piece like this can be an mexpected surprise for the audience, and it clearly was for the orchestra, too. The Philharmonia violins were several rehearsals away from getting their bows round it neatly.

After that, Christian Tetzlaff was the soloist in Mendelssohn's Violin Concerto. The main virtue of his performance was that the men, panniered frocks for the he never tried to make more women - the result was neither of of the music than it asks our time nor sensitive to 18th-cen- for. Tetzlaff's variety of tone was limited, but he played Worst of all, Miller left his sing- with bright concentration; ers in s dramatic no-man's land. the orchestra accompanied This and other recent productions | him without heavin Mitridate - but he could afford to, suggest he has become little more though Slatkin has a knack than a metteur en scène, content to of finding a four-square decide a framework of interpretaphrase in early romantic tion (sometimes inspired, fremusic, if there is one. quently not) and leave the singers The main work - a to fill in the detail. Where the cast Slatkin favourite - was Elgar's Second Symphony. It was strange to hear this

symphony again after nemories of John Eliot Gardiner's very different performance with the same orchestra, not least because the American Statkin feels Elgar's music in a more traditional way than the English Gardiner. I have to say that I found Gardiner's excessively taut Elgar 2 hugely involving, but Slatkin was certainly neares what the composer intended in this mature and confident showing. The orchestra also played well for him. One sensed they had not enjoyed the experience of Elgar with

Richard Fairman

Gardiner much.

Mitridate in no-man's land

Andrew Clark reviews a Mozart mini-festival in Salzburg

Salzburg this year, and the British have grabbed a good slice of the action. The summer festival promises Sam Mendes's new National Theatre production of Othello, a Peter Greenaway extravaganza, a Mark-Anthony Turnage evening, a Phil-barmonia Orchestra residency and Britten's War Requiem, The main focus of the Easter festival is Bryn Terfel's debut as Wozzeck. And the Mozartwoche (Mozart week), a mini-festival to brighten up the depths of winter, has been dominated by British period specialists. A decade ago, when Salzburg's

taste was defined by Herbert von Karajan, none of this would have been possible. The fact that such a bastion of middle Europe should open itself to Anglo-Saxon culture represents a significant shift in its outlook. Gerard Mortier has been a key agent of change - but his influence is limited to the summer festival. What cannot be denied is that some of the most dynamic voices in the performing arts today come from the Englishspeaking world, and Salzburg has finally got the message.

This is especially true in the field of historically aware performance. Roger Norrington, John Eliot Gardiner and Christopher the Mozartwoche has turned itself Hogwood all had their say during into a lexicon of performance the Mozartwoche - Norrington in styles. The well-cushioned Vienna e new production of Mitridate et Philharmonic is still the biggest the Kleines Festspielbaus, Garcrowd-puller, but the real connoisdiner in a Mozart and Schubert seurs flock to the period instrument ensembles. And Mozart's concert with the Vienna Philharmonic, and Hogwood in two pro-Missu solemnis at Sunday mass in grammes with the Academy of Salzburg Cathedral bas an Ancient Music. Here is more than authenticity of its own. a touch of irony: Salzburg import-

ing musicians from the UK to play "euthentically" the works of its from Robert Levin's performances of two piano Given that Salzburg is hardly deprived of Mozart for the rest of concertos, the B flat K.450 and the year, a whole week of his Coronation K.537, on a Hammermusic could seem like too much clavier which the composer is said to have used as a child. Strictly icing on the cake. In practice, it speaking this was not authentic does not work out so. The snowcovered scenery is spectacular. Mozart: by the 1780s, when he and there are none of the Easter composed these two works in and summer festival tourist Vienna, he was accustomed to a hordes; but the musical standard larger, more developed keyboard instrument. So it was hardly surprising the solo part should sound If that were not the case, an miniaturised even in the friendly out-of-season Mozart festival acoustic of the Mozarteum. would be little more than a mar-

wider range of dynamic nuance than you would have thought pos-

were less convincing. Like Ray-But Levin's performance last

sible on such an instrument; his phrasing was flexible but never indulgent; and for all his cleverjsck plstform manner, he proved himself an intultive musician, eager for playful dialogue with those around him. How often do we encounter such spontaneous. bis year, the most intimate music-making in this intriguing sounds came repertoire? Hogwood's secompaniments

considerations. He explored a far

mond Leppard, Hogwood has never been able to shake off the mantle of the harpsichordistscholar who aspires to be a conductor. Perhaps his real strength hies in the baroque repertoire. In these Mozart performances, and in a prosaic account of Hsydn's symphony in F major (Hob.1:79), Hogwood never really persuaded us he was necessary; which, of course, a conductor wasn't in Mozart's day. Norrington acknowledged the point in his programme note for

because this was e production in which the conductor made all the difference. Salzburg bas traditionally overlooked Mozart's sdolescent output; Norrington has put it back on the agenda. Mitridate may not be Mozart's most profound music, but it is still unbelievably mature for a 14-year old. By bringing a con moto emphasis to his tempi, fast and slow, Norrington tapped the music's zest and brio, and the modern-instrument Camerata Academica sounded transformed

Ssdly, the orchestral performance did not meet its match in the stage production, which found Norrington's old Kent Opera partner, Jonathan Miller, floundering in a sea of half-realised ideas. Peter Davison's decor was a loose juxtaposition of brick facade, prefab panelling and blue sea-sky - apparently intended as a metaphor for the cold walls of power over which love triumphs. Like Frida Parmeggiani's costumes black oriental hair and coats for at this summer's festival.

portrait busts of eight women, in bronze and marble, by Rodin, **VIENNA** Lehmbruck, Brancusi, Giacometti EXHIBITION Tel: 43-1-5320644

CONCERT Théâtre des Champs-Elvsées Tel: 33-1 49 52 50 50 François-René Duchâble and Jean-Claude Pennetier: the planists perform works by

and others: to Apr 6

Schubert; 11am; Feb 9

PARIS

EXHIBITION Musée d'Orsay Tel: 33-1 40 49

 Le paysage américain photographie (1861-1890): photography axhibition documenting both the early years of the art and the adventures of American explorers, captured in wild landscapes such as Niagara Falls: to Mar 2

■ VENICE EXHIBITION

Collezione Peggy Guggenheim Tel: 39-41-520628 Picasso: L'Atelier: exhibition only painting that Picasso exhibition is the painting of the same date and title from the

focusing on Picasso's painting "L'Atelier" (1928) from the Peggy Guggenheim Collection. It is the repurchased in order to continue work on it. Also included in the collection of the Museum of Modern Art, New York, the painting "Le Peintre et son Modèle" (1926) and five drawings from the collection of the Musée

Some Women: an exhibition of Picasso; to Mar 31

Kunstforum der Bank Austria Art of the Mentally III: axhibition focusing on 20th century art created by the mentally ill through 200 paintings, graphics and sculptures. The exhibits include works by Paul Klee, Max Ernst, Wölfli and

OPERA Wiener Staatsoper Tel: 43-1-514442960 Il Barbiere di Sivilgia: by Rossini. Conducted by Halász and performed by the Wiener Staatsoper. Soloists include Brunner, Vance, Lopera and Sramek; 6pm; Feb 9

Dubuffet; to Feb 23

■ WASHINGTON EXHIBITION National Portrait Gallery Tel:

1-202-357-1915 Red, Hot & Blue: The All-American Musical: exhibition on the history of the American musical and the personalities who gave it life. Highlights include a set model from the 1994 revival of "Show Boat" and posters from "Carousel" and "Oklahomal"; to Feb 9

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Tonight

CNBC:

08.30 Squawk Box

10.00 European Money Wheel

18.00 Financial Times Business



■ AMSTERDAM

XHIBITION oods Historisch Museum Tel: 1-20-6269945

 Joden in Berlijn: this exhibition of works from the collections of the Jewish Museum and the City Museum in Berlin focuses on the nistory of the Jewish community n Berlin. Among the highlights of the exhibition is a portrait of Vinister of Foreign Affairs Waither Rathenau by Edvard Munch; to Apr 1

ANTWERP

CONCERT ieSingel Tel: 32-3-2483800 Champ d'Action: with conductor Celso Antunes perform vorks by Xenakis, Goeyvaerts and Brewaeys; Spm; Feb 7

BERLIN

onzerthaus Tel: 49-30-203090 Claudia Barainsky and Martin ahlenbock: the soprano and

flutist perform works by Beck, Krenek, Mozart and Bach: 7.30pm; Feb 8

keting tool to fill empty hotels

and theatres. It is more than that:

most famous son.

is just as high.

Staatsoper Unter den Linden Tel: 49-30-20354438 Tancredi; by Rossini. Conducted by Fablo Luisi, performed by the Staatsoper Unter den Linden. Soloists include Jeffrey Francis, Gloria Scalchi and Kwangchul Youn; 4pm; Feb 9

■ BONN

EXHIBITION Kunst- und Austellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200

 Die Grossen Sammlungen V: Museo Nazionale di Capodimonte, Neapel: exhibition featuring about 130 paintings from the collection of the Museo Nazinnale di Capodimonte in Naples. Included are works by Andrea Mantegna, Raphael, Titian, El Greco, Pontomo, Lorenzo Lotto, Correggio and Annibale Carracci; to Mar 2

HELSINKI

OPERA Opera House Tel: 358-9-403021 La Traviata: by Verdi. Conducted by Okko Kamu, performed by the Finnish National Opera. Soloists Include Ritve-Lilsa Korhonen, Ari Grönthal and Raimo Laukka; 7pm; Feb 8

■ INDIANAPOLIS EXHIBITION Indianapolis Museum of Art Tel:

1-317-923-1331 In the American Grain: exhibition exploring American modernism, featuring 76 paintings, watercolours and photographs by photographer and gallery owner Alfred Stleglitz and members of his circle; Arthur Dove, Marsden Hartley, John Marin and Georgia O'Keeffe; from Feb 9 to Apr 27

Sunday quickly outweighed such

LONDON AUCTION

Bonhams Tel: 44-171-3933900 20th Century Design: sale featuring a significant collection of 1930s modernism by the Finnish designer Aivar Aalto and Italian works by Fornasetti, Stagi and Pesce; 2pm; Feb 8

DANCE Royal Opera House - Covent Garden Tel: 44-171-2129234 The Sleeping Beauty: e choreography by Marius Petipa to music by Tchaikovsky, performed by the Royal Ballet. Soloists include Miyako Yoshida and Irek Mukhamedov; 7.30pm;

EXHIBITION Victoria & Albert Museum Tel: 44-171-9388500 In Pursuit of Old Masters: at

the end of 1994 the Victoria & Albert Museum received more than 300 Arundel Society watercolours in a transfer from the National Gallery. The society, an antiquarian and educational association, was founded in 1848 with a view to improving public artistic education through the

copying and publishing of examples of Italian art before Raphael. This display follows the history of the society and includes prints in line, colour and wood engraving; to Mar 30

■ MADRID EXHIBITION

Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-4675062 Vija Celmins: exhibition featuring paintings and drawings by the Latvian-born painter whose work began in the 1960s with a series of images of household objects painted with absolute objectivity. Also on display is e rare sculptural work, made up of copies of a set of stones collected from the New Mexican desert. The exhibition was previously shown at the Institute of Contemporary Arts in London; to Mar 23

■ NEW YORK **EXHIBITION**

MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400 Rainer Wemer Fassbinder: retrospective exhibition devoted

to German film maker Rainer Werner Fassbinder, one of the main representatives of the New German Cinema. Fassbinder died at the age of 37 in 1982, having completed 44 films. This retrospective is the first complete exhibition of Fassbinder's films in the US and includes many new prints; to Mar 31 The Metropolitan Museum of Art Tel: 1-212-879-5500

Peter Martin

Written in the tea leaves

If a British tea-shop chain could invent a computer 50 years ago, then surely Europe's companies can narrow the gap with their US rivals

If you go to Planat Hollywood, the theme restaurant on the edge of London's Leicester Square, pause for a moment to think of the building's curious links with the world's first commercial computer. year-old leap into the com-

Planet Hollywood occu-pies the shell of what was once a Lyons Corner House. the upmarket end of the defunct chain of hundreds of tea shops and cafés all over Britain

And exactly 50 years ago, Lyons started constructing the world's first commercial computer to handle the accounting chores of its whole business - including the Leicester Square Corner House. So reliable ware the Leo computers that Lyons was able to sell them to other companies; a history of Leo describes one still in use as recently as 1980.

The Corner House is long gone, replaced by a shrine to American popular culture. The Leo is long gone too, replaced almost everywhere by the products of the US computer industry.

That is, perhaps, worth a moment's nostalgia. More serious, though, are the crocodile tears now being sbed by the high priests of American computing. The latest example of schadenfreude comes from Mr Andy Grove, boss of chipmaker Intel, who says that an "unenthusiastic approach" to the use of computers puts European companies 10 years behind American

Similar noises have come from International Business Machines and from Digital. All three companies are partly seeking to stimulate demand for their own products, which in Europe has lagged behind the levels seen elsewhere. Weak business confidence, a result of the recession in cootinental Europe, has held down levels of investment - and computers have suffered along with factories and other capital equipment.

touching a nerve among European businesses. If they are to be believed, few European companies today are likely to emulate Lyons' 50-

pnting future Lyons built its own computers (with metal cases from Mulliner Park Ward, the Rolls-Royce coacb-Camper & Nicholson, the yacht yard). No one would suggest such a course today. If Europe's computer industry is largely defunct, that is

something we have learnt to Mr Grove is saying something far more serious: that European companies are buying computers so much more grudgingly than their American and Asian rivals that they risk slipping even further behind in the struggle for global competitive-

How seriously should we take this fear? The argument is that by failing to link themselves up to e-mail systems and intranets - two developments that are powering US demand for computers - European companies are condemning

tions let you react in minutes and hours instead of days," says Mr Grove. "In that sense, Europe is way

prefer to rely on their (speedy and efficient) postal services, along with fax machines, to conduct their business, is that such a big

How truly efficient is it for the chairman of Microsoft, Mr Bill Gates, to be tied to his e-mail to such an extent that he confesses to breathing a eigh of relief when he has caught up with each day'e inflow, and usually has to log on from home late in the evening to complete the task?

So perhaps this is one of those fads which are the office equivalent of "positional goods", described by the economist Fred Hirsch. Like a graduate degree or a seafront property, the value of such goods partly depends on the extent to which others do not have access to them. If I stand on tip-toe at a football match, I can see better than my neighbours. If everyone stands on tiptoe no one sees lves to the age of the better and everyone is



Yet Mr Grove and his col- carrier pigeon and the first uncomfortable, yet none of customers and internal lesgues are undonbtedly class stamp. "These applica- us can relax if we wish to departments.

see the game. Similarly, If I can send e-mail to anyone I choose. that is a clear gain in convenience and (arguably) in Well, maybe. If Europeans efficiency. If really important news gets to me quicker, I am also better off. Yet if everyone sends me e-mail all the time, then reading and reacting to it merely adds another chore to my daily list.

There is a deeper sense, however, in which the American dcomsayers may be sending Europe a useful warning. If European companies choose not to submerge themselves in a flood of e-mail, that is a defensible choice of business style. Where European businesses do place themselves at risk, however, is if they miss oot on the opportunities for profound corporate change that the electronic communications revolution offers.

Cheap, high-bandwidth communications, often using Internet protocols. create the possibility of entirely new business models, transforming establisbed industries. Some European companies are already taking advantage of this revolution.

Direct telephone banks and insurance companies in Germany, Britain and France rely on lavish computing power. Switzerland's stock exchange offers instant on-screen price dissemination, trading, settlement and clearance, at a click of the mouse. Britain's WPP has bought stakes in some of the most interesting new American business pioneers, such as Peapod, an electronic grocery store and delivery service.

All these are praiseworthy innovations. Yet few European companies have committed themselves as fully to the electronic commerce revolution as General Electric of the US, which is developing seamless intranet links between suppliers, 272pp

COMMENT & ANALYSIS

European experiments tend to be just that - experiments. Corporate intranets that provide office phone directories, beoefits bulletin boards, and product catalogues. Electronic information channels bedged around with restrictions on who can resd what. E-mail negotiations that stop short on the threshold of a transaction, leaving that to be handled by more conven-

tional means. It is this gap between the potential of the communications revolution and lts actual implementation in Europe that is the worrying aspect of Mr Grove's warning. As European managers struggle with weak continental demand, the complexities of monetary union and the competitive threat from Asia and the US, it is easy for them to back away from the open-ended challenge of building new communications-based architectures for their companies.

Yet without some such attempt, European businesses risk weathering todsy's challenges only to fall victim to tomorrow's. The risk - and the opportunity - is not unlike that faced half a century ago by the board of J. Lyons. Ther as now, the costs of commit ing to the new era were rela tively low. £140 for an oscilloscope, £14 for benches and stools. £15 for small tools.

Today's intranet technolo gies are similarly cheap, largely building on existing hardware. The challenge now, as then, is to take a leap into the unknown. Mr Grove clearly thinks today's European business leaders do not have the imagination and courage displayed by a bunch of tea-shop managers 50 years ago. It is up to them to prove him wrong.

*Leo: The First Business Computer, by Peter J. Bird, Hasler Publishing, £15.95, BOOK REVIEW - Pidlip Coggan

THE EDGE OF CHAOS Financial Booms, Bubbles, Crashes and Chaos By Bernice Cohen, John Wiley, 392pp, £19.99

On butterflies and hurricanes



terms like stakeholding and the "end of bletory". Readers nod sagely when they see it on the features page of their newspaper but while they have a vague idea

of what it is about, few know

precisely what it means. The prominence of chaos theory in Jurassic Park, Steven Splelberg's dinosaur epic, means most people will be aware of the term. They may also have heard the oftused illustration of chaos theory in action - that the flapping of a butterfly's wings might lead, eveotn-

ally, to a burricane.
The mathematics underlying chaos theory may be extremely complex, but its two basic tenets cao be understood by people who cannot tell an algorithm from Al Gore. The first is that behaviour which appears unpredictable, indeed chaotic, is in fact governed by simple rules. The second is that small changes in the initial conditions of complex systems (the butterfly effect) can bave enor-

It is only natural that some bave sought to use chaos theory to explain events in financial markets. There is a certain plausibility about the linkage; financial markets are complex systems, their behaviour is often extremely difficult to explain in conventional terms and they occasionally lurch to extremes in the form of bubbles and crashes. Mrs Bernice Cohen's book has two main elements. One is an account of financial disasters: John Law's Mississippi scheme in France; the South Sea bubble in Britain: the Wall Street crash of 1929;

and the global stockmarket The second explains chaos such a model would change

might be useful in explaining movements in financial markets, and attempts to fit the above financial catastrophes into a chaos modal.

It is always worth reading about the 18th century financial bubbles hecause they contain all the ingredients of modern money scandals - in particular, greed and gull-ibility. The delight is in the detail. Many might not real-lse that Sir Isaac Newton lost a good deal of money in the South Sea bubble or that Guy's bospital in London was founded with the profits of one investor who took his money out in time.

Relating these incidents to chaos theory is more problematic. Mrs Coben makes a valiant attempt, but it is hard to see bow using chaos theory makes the events more understandable than the commonsense explanation: that easy-money policies eventually find their way into the prices of financial assets, that such policies are unsustainable and accordingly, when credit is tightened, financial asset

prices will fall sharply. Even if one were to accept chaos theory as the underlying principle that moves markets, it is difficult to see how the investor could make much use of the knowledge. A recent book on the latest market modelling techniques found: "Most interviewees simply feel that the theory is conceptually too complex to find much applicatioo in finance today."

There is also a difference between using chaos theory as a way of understanding the weather and using It for the markets, where human behaviour plays the dominant role. Suppose someone did come up with the perfect chaos theory model that could predict market movements. The very existence of

theory, suggests why it investor behaviour and alter the nature of the markets. thereby making the model's predictions less likely to

A certain amount of chaos seems to have crept into the editing of this book. A financial work ought to be able to spell the name of Paul Volcker, former chairman of the Federal Reserva; it should not state on one page that Black (or White) Wednesday was on Septem-ber 15, and on another September 16. Someone should surely have checked that Ben Bradlee, not Bradlese, edited the Washington Post and that the UK Conservatives won their fourth, not third, term of office in 1992. A good editor could also have shortened the book considerably. Mrs Coben does not so much labour a point as bludgeon it to

Assertions are often repeated twice on the same page and her love of metaphor, while an understandable approach to jazzing up an arcane subject, resembles an addiction. "To thoroughly understand chaos, we have to grasp its medusa-like tentacles and wrestle with some its mind-bending notions...For as we know, the financial world is a hornet's nest of sudden surprises. Expect the unexpected and you may still be wrong-footed by the turn events do take. Economic happenings are a minefield of false starts and of

The effect is to stupely the reader into exhaustion, making him wish not for s hurricane, but for the reviving eze of a butterfly's wings.

The Edge of Chaos is available from the FT Bookshop by ringing FreeCall 0500 500 635 (UK) or +44 181 324 5511 (outside the UK). Free p&p in

Pfizer forum Responding to Risks

To non-scientists, the potential risks of new technologies sometimes seem to outweigh their benefits. A US expert on risk and former federal regulator argues that consumers can learn to judge the merits of these technologies by asking the right questions and remaining sceptical of emotional claims.

People are often wary, even fearful, of new technologies. Some apprehension about new gadgets or other products is simply fear of the unknown, and can easily be overcome with a little experience. But the emotional dimension of public concerns about technology's potential risk and threats to themselves or the environment is less readily addressed. This factor can bave a profound impact on consumers' acceptance of new technology, as well as on public policies affecting technology.

The new biotechnology is a case in point. As governments make decisions about consumer products, fear and intimidation from several possible sources may distort the accurate assessment of risks, benefits and possible alternatives.

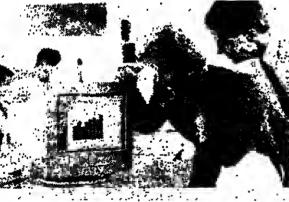
This can lead to decisions that are barmful from both an economic and humanitarian perspective. Understanding the emotional dimensions can belp opinion leaders and the public at large to make more clear-headed decisions and remain free from cynical manipulation. Several factors can cloud thinking about risks. Two in particular are worth noting here:

1) Uocertainty and ambiguity. Studies of risk perception have shown that people tend to overestimate risks that are unfamiliar, hard to understand, invisible, iovoluntary or potentially catastrophic. Thus, invisible "threats" such as electromagnetic radiation or trace amounts of pesticides in food can Inspire uncertainty

Contributing to these responses may be poor scientific literacy in general and unfamiliarity with the statistical aspects of

risk in particular. In the case of the new biotechnology. several factors are at work. First, there is sparse knowledge of the long, safe history of "conventional biotechnology" or "genetic engineering to produce vaccines, enzymes, and antibiotics, as well as virtually all of our domesticated crops. In fact, unless you restrict your diet to wild berries, game, fish, and shellfish. It is almost impossible to get through a day without eating food that has been improved by the application of biotechoology.

MARAMAN MARAMANA



Moreover, many fail to take into account the concept of alternative risks. For example, while there are theoretical risks of using bio-cootrol agents to eliminate plant pests, there are real risks in not using them... namely the need to rely oo chemical

pesticides or to endure vast losses of crops. 21 faformation overload. At best, nonexperts are likely to understand only a limited number of aspects of a risk analysis problem, and to become easily overloaded with data. Information overload of the public is a strategy often used, in fact, by those who would disparage or elicit fear about new technology.

Anti-biotechoology activists may deluge the public with irrelevant, inaccurate, or (just as harmful) partly true information that leaves the non-expert bewildered.

Overabundant information, especially when it involves emotion-laden and lurid scenarios, bas another drawback, it may encourage some people who are interested in the subject to focus on unusual and dramatic aspects of the problem instead of on representative, valid data and statistics.

There are several ways in which oonexperts can cope with the barrage of information and misinformation on new technologies. One way is to be sceptical of language that is inflammatory but vague. For example, when opponents of food

biotechoology ask "do you want fish geoes in your vegetables?", consumers would do well to ask, critically, what changes io the food . if any . these genes cause. Do they confer an advantage in taste, nutrition, or safety? Are the genes and their products already in the food supply and commonly (and safely) consumed, or · are they really new?

Consumers should try to ascertain what scientists really know about an issue, in order to distinguish genuine health or environmental concerns from scare tactics. They should become active when safety issues are discussed and debated, so that the platform is not left to those who espause extreme views.

A further step consumers should take is to exercise their right to have and to choose among new products in the market-place, subject to

rational and sensible government regulation that eschews condescension and

misinformation. In the end, while fears of the new technologies and the risks associated with them may be inevitable, they can and should be tempered with knowledge. Recall Sherlock Holmes' admonition in Scandal in Bohemia that "it is a capital oustake to theorise before one has data". Dr. Miller, a Souisr Research Fellow at the Hoose lustirete and a consulting professor at Sessiord in official at the US FDA from 1979-94. His second book, "Policy Controversy to Giorectmology: As Insiders View" has been published by RG Landes Co. IAustin, Texas, USA), 1997.

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·LETTERS TO THE EDITOR-

Number One Southwark Bridge, London SEI 9HL We are keen to encourage letters from readers around the world. Letters may be faxed to .44 171-873 5938 (please set fax to 'fine'), e.mail: letters editor@ft.com Published letters are also available oo the FT web site, http://www.FT.com.

Translation may be available for letters written in the main international languages.

Japanese share fears over future | Far better

From Mr Jonathan Norbury. Sir, John Plender's extract on the insecurity of individuals in wealthy developed countries gives the impression that this is a predominantly English-speaking phenomenco. I would suggest that the preoccupations of Japanese individuals are ilttle different; fear of unemployment and the end of lifetime employment, concerns over the funding of state and corporate pension schemes,

behaviour of politicians and public employees. A four-year recession and a weak economic recovery have led the individual to question the benefits of stakebolder Japan as the true extent of corporate abuse is revealed through bad debts and dubious lending. The irony is that those companies that bave beeo exposed to the global, capitalist market places - such as electronics and automobile manbest equipped to cope with change.
Public exhortations about the need for change via deregulation and the introduction of greater competi-

tion are seen as a necessary evil with few immediate benefits for overall employment. Jonathan Norbury, 2. Rokubancho,

#202 Isbikawa House, Chivoda ku. Tokyo 102.

Danger in ringing these costly numbers

From Mr Frits van Kempen. Sir. May I suggest that anyone who is tempted to part with £1m for the 07000 MILLENNIUM and 0321 MILLENNIUM telephooe numbers ("Goldeo numbers ring up a fortune", February 3) considers the following

and mistrust about the

 What perceotage of the population can actually spell millennium correctly, given the difficulty some people bave spelling the word

ufacturers - are the ooes

potato? What percentage of the population is willing to dial a 15-digit telephone number? What perceotage of the population will have returned to use a telephone with a keypad that features letters as well as numbers

between now and December 31 2000?

 What to do with these "golden numbers" between January 1 2001 and the commencement of the third millennium fever?

Frits van Kempen, Fischerweg 10, CH4058 Basle,

Folly of designing terminal for super jumbo

From Mr Geoffrey Woodard. Sir, I have followed with interest the letters oo terminal five at Heathrow. As traffic increases, the need for another terminal is self-evideot but wby build it for an aircraft that does not exist and which may never

Frankfurt has built a terminal for super jumbos. It is

half a mile long and bas only 18 gates. It is a 1990s folly. Just two or three years after opening, its gates are often full, almost entirely with small aircraft. The result is that a high proportion of bussed to it. It's a very user

unfrieodly place. Why would we want to repeat this nonsense? It is surely much more logical to build a terminal for today's aircraft and bus the super jumbo passengers for a few years should the super

Geoffrey Woodard. Avocet House, Hackeston, Woodbridge, Suffolk IP13 ODT, UK

jumbo actually be built.

to spread the risk

From Mr Ernest J. Fenton. Sir, I would like to take up the issues raised by Lex on February 1 ("Sbare ownership"). Lex is right in considering the government's moves to bolster wider share ownership are good to the extent they align employees' and shareholders' interests. But is this really the best way to create a shareholding democracy? Those employ-ees with only small amounts to save may not at all be well served by being encouraged to compound the risk of losing their job and their

savings if the employing

company runs into trouble! As Lex points out, equity investment should only be considered if you can spread risk by creating a portfolio of, say, 30 holdings. This can be achieved by buying investment trusts. Being quoted companies, they genuinely achieve wider share ownership and, by having . . properly diversified portfolios, they also spread risk. Most investment trusts can be bought through low cost savings schemes, putting a portfolio within the reach of those with as little as £30 a month to invest.

Ernest J. Fenton, director general, Association of Investment Trust Companies, 8-13 Chiswell Street, London ECIY 4YY, UK

Bank of Japan survey change will enhance accuracy

From Mr Masayuki

Matsushima. Sir, Your report "Fears for Japan's recovery" (January 24) gives a rather one-sided view with regard to the Bank of Japan's Tonkon (short-term economic survey of enterprises in Japan). You quote the views of some ecocomists and the market, but make no note of our review of the timing of the Tankan's publication. In fact, the only reason the

Bank has decided to delay

publication of the survey for

about one month is to meet increasing requests from enterprises that the survey be conducted at the end of March rather than the beginning of February. This would allow them more fully to take account of changes in economic and monetary conditions before they finalise their business plans for the following fiscal year (for most Japanese companies the fiscal year ends in

March). For the same rea-

sons, the Tankan survey

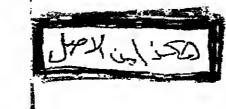
hitherto conducted in

August will be put back one month.

The reason for changing the months when the Tankan survey is conducted is to enhance its accuracy. The bank attaches great importance to necuracy, transparency and the timeliness of its statistics, and has made a number of improvements to the Tankan as well as other financial statistics. Of no less importance than the timing of the Tankan is that a review of the content of the survey was also

announced last week (the number of questionnaire items will be halved from the forthcoming Tankon survey in order to alleviate the reporting burden on responding enterprises),

Masayuki Matsushima, director, research and statistics department, Bank of Japan, 2-1-1, Nihonbashi Hongoku-cho, Chuo-ku, Tokyo 103, Japan



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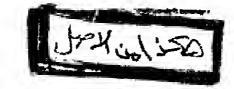
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the products of thosa technologies into world markets.

All that has now been reversed. US industry has learnt to copy Japanese techniques of manufacturing. Meanwhile, the information technologies which the US has pioneered are in a state of explosive and unpredict-

find a market. The US has enor- ism five years on?

Number One Southwark Bridge, London SE1 9HL

FINANCIAL TIMES

Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Thursday February 6 1997

The financial melting pot

Thanks to the Glass-Steagall mercial companies to own Act of 1983, the demarcation lines in the US financial landscape used to be among the clearest in the world. The potential amalgamation of one of Wall Street's pre-eminent investment banks, Morgan Stanley, with the retail financial serter merger is not without logic vices group Dean Witter, Discover, serves to underline the dramatic extent to which famil-

iar boundaries have changed. It is not simply that the provisions of the unrepealed Glass-Steagall legislation have been eroding. The mutual funds, which have grown in value from a little over \$1.1 trillion in 1990 to nearly \$3.5 trillion today, have expanded so fast that they threaten to displace banks as managers of household wealth. Citicorp, Fidelity, Merrill Lynch and, since its acquisition of Van Kampen American Capital last year, Morgan Stanley, are all bent on chasing the same retail customer.

Meantime, bank loans everywhere are heing turned into securities. The European banks are bringing their own version of the hybrid universal banking model to Wall Street. And now, for good measure, peace appears to have broken out between the US Treasury and Senator Alfonse D'Amato, Republican chairman of the Senate banking committee. Measures to give freedom for industrial and com- the board.

banks and vice versa are a real possibility. Before the decade is out, the US financial structure may take on a shape that will bave Messrs Glass and Steagall spinning in their graves. A Morgan Stanley-Dean Wit-

from the shareholders' point of view. The difficult paradox of investment banking since Morgan Stanley floated in 1986 is that while global demand has multiplied, fees have shrunk and risk has increased. The volatility inherent in the investment bank's proprietary trading could usefully ba balanced against the more stable, though cyclical, revenues of the retail concern. With Morgan Stanley's firepower behind it, Dean Witter. Discover would compete more effectively against Merrill Lynch (which already successfully combines retail and whole sala financial services) and Smith Barney.

But even if shareholdars approve, it remains to be seen whether two very different cultures can be melded together. The more important point, amid the general welter of regulatory and technological change, is that systemic risk in banking is inevitably increasing. In a heady hull market climate, it is vital that wider prudential concerns are not allowed to go by

Balkan cheer

Among many attempts to make Petar Stoyanov. He has shown sense of developments in Europe since 1989, one of the most insidious has been the thesis that democracy and market aged the economy, to bow out, economics need a cultural base derived from western Christianity, and are less likely to flourish in Balkan Orthodox societies which endured centuries of Ottoman rule.

This theory received pseudoempirical backing from the relatively successful transition in soma countries of western Christian beritage - Estonia, ments looked for economic aid Poland, Czech Republic, Hun- and political legitimacy. gary, Slovenia – while economic reform was more hesitant and politics more turbulent in Orthodox Balkan Bulgaria, Romania and Serbia.

All the more welcome, are recent events in those three countries. Last autumn Romania elected a noncommunist president and government who seem at last to be setting about economic reform in a serious manner. Bulgaria too chose a new president, Mr friends abroad can give them.

true statesmanship in persuading the ruling Socialist party, which had disastrously mismanaccepting early elections and a caretaker government.

In both Bulgaria and Serhia unpopular Socialist rulers have now yielded to the combined pressure of non-violent mass protests, sustained over many weeks despite polica provocation, and of international institutions to which both govern-But in neither is the crisis vet

over. In Serbia President Slobodan Milosevic remains in power, with no doubt many tricks still up his sleeve. In Bulgaria the parties will have to agree very quickly on laws needed to set up a currency board, and then hold orderly elections in conditions of real hardship for much of the population. Both people will still need great selfdiscipline, and all the help their

America forever

At this year's Davos summit, mous diversity in its workforce two topics dominated the business and economic agenda: the prospects for a single European currency, and Europe's apparnology. The themes might seem disparate, but there is a common element: that of American triumphalism

In the case of technology, thet is self-evident. The twin gods of computing, Mr Andrew Grove of Intel and Mr Bill Gates of Microsoft, expressed concern over Europe's slowness to buy their products. Mr Lew Platt, chief executive of Hewlett-Packard. commented in a more detached way that Europe's rate of invention in information technology seemed at an all-time low.

As for the single currency, the view from American delegates was more discreetly expressed, but equally unanimous. Regardless of its timing or membership, they said, the single currency would not work. Of course, it worked in America: but Europe's structures - social, economic and political - were

too ossified to accommodate it. It is worth stepping back to recall why the US was so alarmed by the Japanese threat in the mid-1980s. First, Japan had a clear lead in the relevant technologies, those of manufacturing. Second, its monolithic social and economic structures were ideally suited to pushing

able growth. This is ideally suited to the pluralistic and atomised structures of the US economy. It is work, or which products will event, what price US triumphal-

and capital structures. Tha experimental phase of the information revolution thus plays to its strengths.

But it is only a phase. Many US executives seem to believe that the pace of change will go on for ever but this is to commit the sin of extrapolation. It is much more likely that tha

future will revert to trend. Thus, Moore's Law states that the capacity of a micro-chip will double every 18 months. Many in the semiconductor industry apparently including Mr Moore co-founder of Intel - accept this is a logically finite process.

Similarly, the Internet is already running into capacity problems. More important, it seems likely that the pace of experimentation on the Internet will eventually slow as the market-place sorts out its chief applications

As these technologies mature. two things will happen. First, non-US companies will have a clearer view of the opportunities for competition. Second. the flexibility which characterises the Silicon Valley model will become less of a comparative ativantage.

Nor is it clear that Europe cannot become more flexible. If it cannot, the single currency is indeed doomed. But suppose the contrary: that the single currency is achieved, and drives the process of structural reform. That is the view of Europe's politicians; and while there is room for scepticism, they are not nec-

essarily wrong. The contrast with the 1980s holds good in one final respect. Then, Japan'a self-confidence rested heavily on the performance of its stock market, which ended in a demoralising crash. It would take a bold spirit to predict anything simiunclear which technologies will lar for Wall Street. But in thet

COMMENT & ANALYSIS

Top 10 US under

Goldman Sachs

Morgan Stanies

Smith Berney

Donaldson Lufkin & Je

Alex Brown & Sons

Lehman Brothers

Merrill Lynch

Salomon Brothers

Goldman Sachs

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Credit Suisse First B

JP Morgan

Memili Lynch

Another thundering herd

The latest Wall Street merger creates an investment bank that could trample on its rivals, say John Gapper and John Authers

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Morgan Stanley and Dean Witter: a perfect marriage?

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investment bank Morgan Stanley and the US retail brokerage and credit card company Dean Witter, Discover is not simply a significant event for the American securities industry. It could also have repercussions for banks, brokers and fund managers around the world.

The merged company is most obviously a response to what has been the unexpected success in recent years of Merrill Lynch, the largest US retail broker. Merrill's "thundering herd" of local salesmen have been combined with an institutional broking arm to make a strong investment bank.

It also poses a big challenge to banks, led by J.P. Morgan, that have tried to build investment banking operations on top of lending businesses. As the traditional boundaries between US banks and securities firms have weakened, this has often appeared the most likely model for the future.

This is not merely an issue for participants in the US. The biggest US investment banks - notably Morgan Stanley, Merrill Lynch and Goldman Sachs have developed strong international operations. By reinforcing its powers to sell securities in the US, Morgan Stanley may gain an extra edge.

"I think this is a fascinating deal. Unlike many other mergers it's not one of consolidation, but of complementary expansion, says Mr James Quella, a director of Mercer management consultants in New York, "There is now a competitor for Merrill, which has never existed before."

Even three years sgo, the notion that retail brokers in the US could be an essential part of a global investment bank would have seemed a strange idea. Not only did they have a poor image, but the cultural problems in combining them with investment banks had proved immense.

The most notable example was the combination of Shearson, the retail broker, with Lehman Brothers, the Wall Street bank, under the ownership of American Express. This was dissolved three years ago after cultural differences between the two sides prevented them working together.

Yet this was also a poor period for the retail broking industry. Since then, inflows of cash into mutual funds - open-ended pooled investments similar to UK unit trusts - have been so strong that investment banks have realised the hest growth prospects are in the retail market.

Last year, mutual funds took in a total \$324.9bn in net new cash flow, almost \$100bn more than the previous record. Thanks to "401(k)" plans - individual retirement plans which are sponsored by companies - mutual funds are also making inroads into the institutional market.

With its acquisition of Dean Witter's fund business, which had \$77.47bn under management at the same time, the new merged company will become only the sixth company to hold more than \$100bn in mutual fund assets, and will gain significant benefits of scale.

Morgan Stanley had already made a move into the retail Morgan Stanley's president, arena with its purchase of Van Kampen American Capital last year. The company had assets under management of \$35.28bn at the two firms. "It was almost a

the end of last year, to add to negative because everybody had Morgan Stanley's existing business which had almost \$9,63bn. It also now has access to Dean Witter's huge retail brokerage sales force, which numbers about 8,500, and ranks third. When

kers, the new company will be of similar scale to Smith Barney, with 11.105 brokers. It will help stave off the increasing threat from commercial banks. Citicorp sells mutual funds and has made plain its ambition to expand in the sector by acquisition. Bank of America and NationsBank, the third and

fourth largest commercial banks,

combined with Morgan Stanley's

much smaller force of 2,570 bro-

are also seeking acquisitions. Morgan Stanley has come to this merger after having signalled for some time it was looking to consolidate its position in fund management and securities. Its failed attempt in late 1994 to merge with S.G. Warburg Group, the European investment bank later taken over by Swiss Bank Corporation, was its most

significant move. The Dean Witter merger is of a different kind. As Mr John Mack, pointed out vesterday, a Warburg merger would have led to the elimination of overlaps between

a cloud over them. The exciting thing in this story is that everyone has a chance to grow the business," he said. The logic for the Dean Witter

network is that it will he able to sell US retail investors both securities issues undarwritten by Morgan Stanley and international mutual funds. In turn, Morgan Stanley should be able to market its new strength in retail distribution to overseas issuers. . Mr Mack admitted yesterday thet firms with retail arms such as Merrill Lynch have been abla to steal a march on Morgan Stanley in competing for mandates to underwrite and distribute big international issues such as the privatisation of telecommunications companies. They have convinced issuers that they have far superior power to place sncb

issues in the US markets. "If you are an emerging market country that is going to do its first large privatisation, and an investment bank can say it has a huge sales force, it has an impact," he said. Mr Mack also argued that Morgan Stanley would stand a stronger chance with US issuers of securities aimed at retail investors.

Similar logic lay behind the commercial alliance unveiled last month between Salomon

ments of Boston, which is privately held and by far the largest mutual fund manager and one of the largest retail brokers. Under the deal, Fidelity was

Brothers and Fidelity Invest-

Top 10 US securities firms, Jan 1, 1996

Merrié Lynch

Smith Barney

Paine Webbe

Prudential Securities

Fidelity Brokerage

By retail representatives

13,758

11,105

8.576

6.198

5.864

4,646

3.716

allocated at least 10 per cent of all equity transactions arranged by Salomon Brothers. "While this might not be a specific reaction to the Salomon Fidelity strategic alliance, it certainly smacks of someone trying to answer the same question," says Mr Don McNees of Tillinghast Towers Perrin, the US consultancy.

Yet for all the apparent logic of the deal, there are still considerable questions about making it work. For a start, the company will be a new animal combining retail brokerage and fund management with a credit card combank concentrating on institu-

Mr Mack suggested some way might be found in future to sell other financial products to the 39m customers of Discover, Dean Witter's credit card operation. However, the businesses seem likely to be run largely separately and the specifics of how co-operation will be achieved were not disclosed.

Furthermore, the cultural gap between retail brokers and institutional investment bankers

remains large, "There are substantial operating and cultural risks in mergers of this sort. Some of them work, but others don't." says one senior investment banker.

There is a separate question about the personalities at the top. Mr Mack is known as a tough manager who lacks patience with those who do not measure up within Morgan Stanley. He has formed a partnership there with Mr Dick Fisher, the chairman. who has a more laid-back and gentlemanly air.

However, there are, at least questions over whether Mr Mack ous relationship with the younger Mr Philip Purcell, chairman of Dean Witter and of the new merged company.

"I guess some people do not know me very well. I only care about what is best for my shareholders and employees and I care about being on the best team." said Mr Mack rather tartly when this suggestion was put to him. He emphasised that he had suggested closer ties to Mr Purcell two years ago.

ssuming these onestions are resolved satisfactorily, the comclearly poses a challenge to competitors. One set of financial institutions thet will be looking at the new force carefully ara investment banks auch as Goldman Sachs that lack such a strong retail distribution arm.

"One would be remiss if one did not think carefully about how consolidation of this sort affects us, but we have a very cohesive plan and culture that is success ful today, and will be successful going forward," insists Mr Jon Corzine, Goldman's chairman. Nonetheless, Goldman and others may have to accelerate plans to expand in mutual fund manage

On the other side of the industry are the commercial banks led hy J.P. Morgan that have been trying to build up their invest ment banking arms. European banks such as Union Bank of Switzerland and Deutsche Bank have also been trying to build such operations both in the US and in Europe.

Until now, such institutions were thought most likely to be able to claim the title of "the pre-eminent global financial services firm" boasted by the particfoants in vesterday's deal. As the regulatory divide between banks and securities houses in the US lowers, these banks bave been seen as powerful new competitors to Wall Street firms.

Yet this deal at least gives a fighting chance to the sort of combined retail and institutional brokerage that was until now represented only by Merrill Lynch. Broking behemoths which achieve stable earnings through ownership of fund management arms and push aggressively into global capital markets may he able to outflank banks.

Mr Fisher pointed out yesterday that as the industry was gripped by consolidation, Morgan Stanley believed it had to "pick your partner and put together the strongest possible combination you can see". The new company may not be all that its founders claim, but they have given quite a jolt to all the others that are still courting.

Fisher king reels it in

To paper the mega-merger with Dean Witter Discover looks like a fitting swansong to Dick Fisher's career at Morgan Stanley. As a young turk in the early 1970s, Fisher helped push the most blue-blooded of Wall Street investment banks into the vulgar world of sales and trading. As chairman he has presided over breakneck international expansion; but with enough caution to leave SG

two years ago.
So securing Morgan Stanley's position in its own backyard looks as good a way as any for the urbane 58-year-old to cap his career. How the new securities industry giant will fare when he finally decides to retire from the board is another matter.

Warhing standing at the altar

A man of considerable personal charm. Pisher's smooth style has been a welcome. counterweight at Morgan Stanley to the robust approach of operating chief John Mack. It'll be intriguing to see whether Mack - a southerner known to insiders as Mack the Knife and Darth Vader, after the villain of the movie Star Wars - can strike up an easy working relationship with Dean Witter boss Philip

The new name - Morgan

Stanley Dean Witter Discover at least looks an unhappy compromise. With neither firm prepared to ditch its heritage, and Morgan unable to drop the Stanley under a 60-year-old Now Bacardi has decided to agreement with former parent

JP Morgan, the result was always going to be a bit of a mouthful. Putting the two organisations together should give them plenty more to chew

Not shaken There's a bit of a bad smell

hanging over the Australian advertising world. Barardi Martini Pacific, part of the international drinks group, has been forced to abort a planned "aromatic advertising" campaign, designed to promote Bacardi Limon, a lemon-

flavoured alcoholic drink. Bacardi's idea was to place aroma dispensers in bus and trant shelters in four Australian cities – Sydney, Adelaide, Brisbane and Melbourne, When people walked into the shelters. they would be greeted by a short burst of lemon scent. Observer is coverage would be seen as a test no friend of enforced sniffing. but maybe taxis are plentiful in

the cities concerned. In any case, the campaign has already run out of fizz. On Tuesday, state government ministers in Victoria; of which Melbourne is the capital, decided

that Bacardi's campaign could induce youngsters to buy hooze and ruled the advertising out of order. Brisbane quickly followed

pull the plug. "In the face of extraordinary ministerial and official reaction we have taken the decision to withdraw the campaign and to seek an alternative creative concept," says Paul Hugh-Jones, Bacardi's marketing director. Free samples to local legislators are probably not on the agenda ...

Screw the news

On Tuesday night all the US television networks were set up for live coverage of Clinton's state of the union address until word came that the Santa Monica jury was about to pronounce the verdict in the OJ

Simpson civil trial The White House exercised a hit of subtle leverage. Press secretary Mike McCurry called the networks, just before crunchtime, to impress upon them that their decision on of their news values. All decided to stick with Clinton as lead story, though there were plans to cut in with the OJ verdict, if

In the event, the president was on his penultimate sentence when the Simpson verdict was

flashed across the scene. And no. says McCurry, the White House. didn't call the judge to ask him to delay proceedings.

Unhappy Grumpy

So Xavier de Mézerac. Euro Disney's finance director, has suddenly "decided to explore career opportunities outside the company. That's the very same Xavier de Mêzerac pictured in yesterday's 1996 annual report; alongside is a list of his many achievements and responsibilities.

There again, his departure may not have been quite so abrupt as it at first appears. Of all the eight top executives nina if you include Mickey Mouse - photographed in the company's happy-clappy annual report, he's the only one who can't raise à smile.

Going ballistic

■ Nervous about Chernohyl, or Ukraine's 13 other reactors? Net surfers can rest slightly easier now. Goskomatom, the country's atomic energy agency, now has its own weh page, at http:// www.gca.ua, where you may view daily updates on Ukraine's nuclear sites. The page plans to go interactive, and questions can be posted for the men who designed Chernobyl

Financial Time

100 years ago Gloom Among The Tombs

There is always a note of sadness in an obituary notice, no matter how humble the circumstances of the deceased or the nature of his moral reputation. There is generally some show of pomp at the obsequies, and a demonstration of more or less acute grief. But what is true of the individual is not necessarily true of the corporation, and their manner of leaving the world differs in a remarkabla degree. With the joint stock company, a couple of notices in the "London Gazette" and all is over. But there is pathos in the disappearance of ambitious projects beneath the waves of misfortune. It is painful to record the death of a couple of motor companies - premature mortals which succumbed." even before the Act legalising their existence had come into operation.

50 years ago

Oil From Africa Details of the scheme for the mechanised production of ... ground unts in east and central Africa show it to be both far-reaching and statesmanlike. The immediate object is to relieve the world shortage of oilseeds, oils and fais, but the project should greatly benefit the territories and international trade.

Bank of Japan set to win greater self-rule

By William Dawkins and Richard Lambert in Tokyo

A Japanese government panel will today reveal proposals to transfer power to the country's central bank from the finance finance ministry ministry - the first change in the bank's powers for 55 years.

Under the long-awaited draft plan, the finance ministry would lose responsibility for important policy decisions, including its power to order the central bank to delay interest rate changes. The ministry would be allowed to ask the bank to review decisions only if they contravened Japanese law or its own statutes.

A report prepared by an independent panel in consultation with the bank and the ministry will form the basis of an amendment to legislation governing the Bank of Japan for adoption in the current parliamentary session, which ends in mid-June.

The proposals were giveo impetus after the government announced last November that it wanted to deregulate the

Roche buys

US company

pany International Flavours and Fragrances was of a similar scale, and both

had market shares of about 16

Another large acquisition

remains a possibility as Roche

still has net cash of about

Ohio-based Tastemaker was

formed in 1992 as a joint ven-

ture between Hercules and

Mallinckrodt. It bad sales of

It has manufacturing plants

in the UK, Australia and the

Netherlands as well as north

America. Half its sales are in

the US. 21 per cent in Europe

and 17 per cent in the Asia-Pa-

US merger

announced

ferent from a typical securities

firms' merger, when one side

By combining with Dean

Witter, Morgan Stanley will

bave one of the largest retail

investment systems in the US.

The company already owns the

11th largest mutual fund busi-

ness in the US. It will now

rank in the top six, with more

than \$120bn under manage.

ment. Also, with 9,000 retail

brokers, it bas the third-largest

salesforce in the US, behind

Merrill Lyncb and Smith

Continued from Page 1

is struggling.

Continued from Page 1

per cent.

1,280 people.

Legislation will switch power away from troubled private-sector banks without consulting the finance ministry. The ministry would be allowed to ask, but not order, the BOJ to carry out to refer the BOJ to refer the away from

2001. Central banks in the given more independence under the Maastricht treaty provisions for economic and mooetary union.

Under the Japanese plan. monstary policy would be decided by a new policy board, to be chaired by the governor, currently Mr Yasuo Matsushita, with two other BOJ officials and six outside representatives, including independent economists and government

At present, monetary policy changes are proposed by a BOJ executive committee, which must consult the finance ministry, and adopted by a separate bank policy board.

The report is expected to propose that the bank could for the first time make collatfinancial rescues. Currently, the bank and the ministry have to consult on such

The appointments of governor and deputy governor would be approved by parliament, as well as by the cabinet. according to the proposals. Currently, only cabinet

approval is required. In addition, the finance ministry's control over the BOJ's budget - unique among advanced industrialised countries - would be limited. The report proposes that the minis try will control the BOJ budget only in respect of functions unrelated to monetary policy, such as salaries.

In return, the BOJ would be exposed to substantially more public scrutiny. The policy board would for the first time be obliged to publish its pro-

Foreign investors warn Philippines over privatisation

foreign business community in the Philippines warned President Fidel Ramos yesterday it was losing confidence in the country's privatisation process. The warning followed court challenges to

\$320m in 1996 and employs the award of contracts in the past fortnight. In a "statement of concern". six chambers of commerce criticised "excessive challenges to public biddings". The chambers include those represent-ing companies from the US,

Japan, the European Union, Australia and New Zealand. They urged President Ramos: "Do not change the rules after the game is played and expect to attract players for future biddings...They and in the bidding process will go elsewhere unless the rules are clear, consistent and a lower bld being allowed to

of strength, making it very dif- ing bldders or other the contract on grounds of erieved' parties. On Mooday, the Supreme Court awarded a \$30m contract to buy the government's majority stake in the Manila botel to Prince hotel, a local group that had bid less than the rival consortium of Malaysian group Renong and ITT Sberatoo of the US. A court has also suspended awarding cootracts in the \$7bn privatisation of Manila's water system. Mr Roberto de Ocampo, the Philippines finance secretary,

is studying the Manila hotel

ruling. The ruling was based

of the constitution and cited national patrimony as the basis on which to prohibit the foreign consortium from win-

ning the contract. Depending on the definition of patrimony, the ruling could affect future tenders, said Mr de Ocampo, who is also chairman of the Committee on Pri-

The major difficulty is that it (the ruling) contradicts fair rules of competitive bidding as practised everywhere," be said. The court could have

ordered a rebid instead, be One foreign executive said: "The idea of spending what could amount to millions of dollars in feasibility studies only to have a local group with do not change to suit the los- match that bid and then win

national patrimony

Intely crazy. The Manila hotel controversy follows the challenge to \$7bn privatisation of which a temporary restraining order suspending the award of contracts to two winning consortia was issued only a week after the bids were revealed.

President Ramos, who said be was disappointed with the Supreme Court ruling on the Manila botel, is trying to increase transparency in the bidding process.

FT WEATHER GUIDE

France proposes talks on Russian Nato fears

By Bruce Clark in Washington and Quentin Peel in London

US, Britain and Germany that they bold a summit with Russia in April, in a bld to overcome Moscow's objections to Nato enlargement, diplomats

said yesterday. They described the proposal for a five-power meeting in Paris, which emerged from Presideot Jacques Chirac's recent visit to Moscow, as a move by the French government to seize the initiative in an increasingly tense Euro-

pean security debate.

French officials said the suggestion had Germany's support but Bonn declined to confirm this. UK officials said they were considering the pro-posal and US officials declined

However, the French plan could run into strong objections from Nato's smaller members, who feel their interests are best represented by Mr Javier Solana, the sec-retary-general of the 16-mem-

ber alliance. The move comes at a time of increasingly outspoken but conflicting signals from Moscow, arguing against Nato taking in new members from eastern Europe without Rus-

sian consent. Mr Victor Chernomyrdin, the Russian prims minister. has said the enlargement plan could undermine the Russian government and boost support

for hard-liners seeking to revive arms production. Mr Anatoly Chubais, Russian president Boris Yeltsin's chief of staff, has suggested that a deal can be done, provided it is legally binding -

something Washington, in particular, is loath to concede, British officials believe the Russians are making belligerent noises to negotiate a better agreement. They are prepared to consider the French summit plan, provided it reinforces the negotiations being conducted by Mr Solana and fits into the

timetable for the Nato summit The Russian premier is due to begin talks on US-Russian economic relations in Washington today. While there is no formal link between his visi and Nato expansion, diplomats say the talks, and a forthcoming US-Russian summit between President Bill Clipton

the way for a bilateral trade-off over European security. They say France is clearly nervous that key questions about the continent's defence arrangements may be settled without consulting the leading

and Mr Yeltsin, could prepare

Clinton seizes moment, Page

western European powers.

THE LEX COLUMN

Wall Street shuffle

When one of Wall Street's top banks merges with a company half of whose earnings come from credit cards, that is probably a sell signal. By surrendering its independence, Morgan Stanley is indicating tough times ahead. And understandably so, given increasing competition in investment banking. Even in last year's bumper markets, Morgan Stanley managed a return on equity of only 21 per cent. When the markets turn, returns will plummet to a fraction of that

That also explains why the blueblooded bank is settling for less than a merger of equals. Mr Phil Purcell, Dean Witter's chairman and chief executive, will take the same positions in the new firm. Morgan Stanley's Mr John Mack will be president and chief operating officer. Given that the two men are almost the same age, Mr Mack

may never get the top job. The deal is, of course, not devoid of industrial logic. Merrill Lynch has demonstrated the benefits of vertical integration - winning new equity and debt mandates because of its large retail distribution network. Putting together Morgan Stanley's investment bankers and Dean Witter's retail brokers will, on

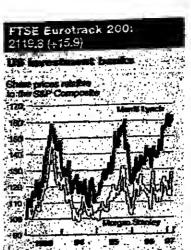
paper, schleve the same trick. Whether the combination works in practice is another matter. Merrill's vertical integration is homegrown. The last time such a large US bank/broker merger was tried -with Shearson Lehman - it ended in tears. There must also be a risk that advances in technology will eventually underent the logic of vertical integration; in an era of electronic distribution, how much

will an army of retail brokers count The other main argument for the merger is that it will produce a diversified earnings stream. From the perspective of a Morgan Stanley investment banker, whose personal wealth is tied up in the firm, one can appreciate the point that Dean Witter's less volatile earnings provide an insurance policy when investment banking profits dive. But the price of spreading the risk is a blunter incentive to perform. Morgan Stanley looks like it is

Bank of Japan

Greater independence for the Bank of Japan, as suggested by today's loog-awaited government

cuddling up to Dean Witter for



report, is not only desirable in itself, it also signals that Tokyo is taking financial deregulation seri-

Giving the BOJ freedom to set interest rates should produce monetary policy freed of political manipulation. Independence between monetary and fiscal policy, common in most big industrialised countries, enables each to serve as a check on the other. With hindsight, interest rates were kept too high for too long in 1992 and 1993, as government officials pinned their hopes on repeated fiscal stimulus packages to revive demand. The strategy failed, driving the economy to the brink of deflation. An autonomous BOJ might have cut rates earlier.

Just as important are the proposals to give the BOJ powers to decide whether to rescue troubled financial institutions. Currently this is up to the Ministry of Finance, a power it has arguably abused to protect lucrative private-sector jobs for its retiring officials. The fact that the ministry is willing to relinquish control of such a key area reflects its weakened position, after being blamed by politicians and the public for the recession. Of course, these changes have yet to be pushed through parliament. But the thought that even the Ministry of Finance - bome of the country's most powerful bureaucrats - can lose a fight augurs well for Japan's

Prudential/ScotAm

Prudential Corporation has not only brought the battle for Scottish Amicable into the open; it has introduced an ingenious new twist. The essential difference between its plan

and Abbey National's is not that it places a higher value on ScotAm: the Pru is in effect offering £400m for the goodwill in ScotAm, and Abbey is proposing to pay at least that sum. Unlike Abbey, however, the Pru is also able to unlock real advantage from the strength of its own life fund. As a result, it can afford to close ScotAm's fund down and return at least £400m in capital to policyholders.

Of course, the Pru will have to persuade its own policyholders that the plan is a good use of their capital But assuming it can, the wheeze gives it a potentially decisive edge over the likes of Abbey. Only another large insurer would find it easy to pull off the same trick. mansa to c

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TR 2 12/2 (53-00)

Moreover, Pru shareholders can offord to relax. Their investment in ScotAm, if this hid succeeds, would be just £250m - paltry in the context of a £16km group. That might not be a bargain basement price for the future potential of a life assurer which did only \$140m in new business last year. But it does not look like overpayment either.

UK buy-backs

Yesterday's buy-back from RJB Mining suggests Britain's pension fund managers are still letting value evaporate. How? Had RJB handed cash back through a special dividend instead tax-exempt shareholders would have received cash from the government on top. With a buy-back, not only is this forgone but buy-backs also now take place at a pointless premium.

So why do they persist? One obvious explanation is earnings-enent, which is especially relevant with RIB's exceptionally low price/earnings multiple. But this is merely cosmetic. Another could be that companies are giving too much weight to the one group that suffers under a special dividend: the relatively few shareholders who are higher-rate taxpayers. Company directors with significant holdings in their companies are often themselves in this position. For its part RJB stresses that Mr Richard Budge, its chief executive, who has a significant personal stake in the npany, was not involved in its decision. Nonetheless, the potential conflict of interest which can exist in such cases is another reason why institutions should be demanding the tax-efficient solution.

See additional Lex comment on Innry, Page 22

MORSE

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Europe today

The heaviest rain will fall north of the British Isles but Scotland and Ireland will also be wet. Conditions will be worst over the Hebrides, Shetland and Orkney Islands, where galeforce winds will affect the wes Spain and Portugal will be sunny

except in the north which will be Low pressure will bring cloud, rain or showers to the countries bordering the Adriatic.

The extremely cold air has moved from Russia into Turkey. Minimum temperatures in the Turkish interior will be around -20C. Daytime

Five-day forecasi

Central Europe will be settled. Sunm periods will alternate with cloud. Low pressure will bring rain to the eastern Mediterranean The Norwegian coast will have

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Thursday February 6 1997



IN BRIEF

Lufthansa to cut jobs in shake-up

Lufthansa, tha German airline, is to restructure scheduled passenger services and cut jobs in a move to reduce costs. It said the shake-up was designed to prepare it for competition expected as a result of the impending liberalisation of air traffic in Europe. Management and administrative jobs would be cut by about 10 per cent. The shares gained 5.5 per cent to DM23.38 (\$14.20).

Triplex admits defeat in bid battle

Triplex Lloyd acknowledged defeat in its battle to win control of William Cook, the steel castings group. Triplex said It was unable to raise its offer to beat the rival bid by the management buy-out team led by Andrew Cook, chairman and chief executive of William Cook. Page 22

Crédit Foncier gets breathing space Shareholders in Crédit Foncier de France, the troubled property lender, granted the company breathing space until the end of next year to find a solution to its financial crisis at an

extraordinary general meeting in Paris. Page 18 Sony sales up in third quarter

Sony, the Japanese consumer electronics group, reported a strong increase in sales and profits in the third quarter, helped by the yen's weakness against the dollar and buoyant sales of electronics products. Pre-tax profits nearly doubled to 11. Y147.4bn (\$1.2bn) Page 21

24 Jacobs

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Japanese

bank shares shaken by NCB plunge

Fears of a liquidity crisis at Japan's top 20 banks, sparked sell-offs of bank shares on the Tokyo stock market and prompted Mr Hiroshi Mitsuzuka, the finance minister, to reassure investors that the bank's failure was "unthink-

The share price of NCB, the smallest of Japan's three held in trust. We don't need to long-term credit banks, plunged Y35 to Y181 yesterday, following reports of severe financial problems at the

Bank officials last night denied the rumours, but acknowledged that NCB would have difficulty raising funds at the moment by issuing debentures, a key fundraising instrument for Japan's long-term credit banks. One US financial analyst

said: "If the bank tried to issue

new paper today, it would not be able to do it at the current rates. This has become a confidenca issue in NCB's name. People are beginning to doubt it's going to survive." Mr Walter Althert, banking

analyst at Jardine Fleming Securities, commented: "NCB is in an extremely difficult situation. If you have to hold a reported figure suggests.

press conference to announce your solvency, it's probably a

NCB intended to announce a Nippon Credit Bank, one of restructuring plan, involving the sale of assets and refocusing of business, before issuing new paper, ona senior bank

"Some people are saying we can't pay back our liabilities. These rumours are untrue. NCB has sufficient liquidity on its balance sheet and money issue debentures for a couple of months if the market isn't responding correctly," be said.

Mr Shoji Nishikawa, NCB vice-president, said the bank was operating as usual with an ample supply of funds. He said even at current stock price levels NCB would be able to post profits for the current year to March 31 and that it would continue to dispose of Y1,300bn (\$10.7bn) in non-performing loans as scheduled. Mr Nishikawa added that

the bank would proceed with the placement of February debentures as planned, but might curb the amount of the issue until the market "calms down". However, financial analysts

believe NCB's bad debt problems and financial difficulties are greater than the officially



NCB vice-president Shoji Nishikawa (front) tells a press conference yesterday that the bank has ampla funds

The bank's dealings in property-related loans have left it with a heavier burden of bad debt than most other leading banks.

The latest reminder of NCB's problems emerged from reports this week of a crisis at Apollo Leasing, an independent credit company, which owed NCB Y69.3bn.

NCB's sbare price has fallen by about 60 per cent since late

erated in the past 10 days after Moody's, the US credit-rating agency, changed its outlook for NCB and three other Japanese banks from "stable" to "negative".

Moody's said the banks had "serious asset quality problems" and noted a shift in the attitude of Japan's financial authorities, from "one of forebearance and protection to one of resolution by liquida-

Finance minister steps in to restore market confidence | Toshiba unit to end five vears of losses

By William Dawkins in Tokyo

Toshiba, tha Japanese conglomerate whose activities include consumer electronics and power engineering, yesterday said its consumer products division would break even in 1997 for the first time in five

Mr Taizo Nishimuro, group president, attributed the recovery to cost cutting, beloed by the shift of manufacturing capacity to cheaper locations

Another boost came from the launch of new televisions and video cassette recorders. Mr Nishimuro was "very confident" that after breaking even in the current year to March, the division would be profitable in the following 12

Tosbiba makes threequarters of its televisions and 95 per cent of its VCRs outside

The consumer products division has long been Toshiba's weakest. Operating losses nearly tripled to Y29.4bn (\$341m) on sales of Y1,305bn. in the year to March. In the previous 12 months, losses had

Consumer products represented 24 per cent of the group's sales of Y5,120bn last year. Heavy electrical goods accounted for 22 per cent and information systems and electronic devices the majority at

been Y10,2bn on turnover of

54 per cent. Mr Nishimuro predicted that information systems would be the fastest growing part of Toshiba's business, rising to 70 per cent of total sales by the

would be led by digital video disc players, which were selling "better than expected" since their launch in Japan last autumn.

He predicted that DVD sales would reach up to 3m in the current calendar year, split roughly equally between Japan, the US and Europe.

Within three to five years DVD sales would equal sales of personal computers within Toshiba, with an accumulated total of 24m units sold by the end of the decade. That would give Toshiba an anticipated 20 per cent share of an accumulated world market of 120m

Of the world total, Mr Nishimuro expected that 80m units would be used in personal computers.

Toshiba was continuing the review of its business structure, launched shortly after Mr Nishimuro took office last

It also intended to form more joint ventures and alliances in areas where it could not be sufficiently competitive However, there were no

plans to scale back heavy electrical products and consumer products, the two divisions where markets had become "We have a social responsi-

bility to keep them," said Mr Nishimuro. The aim was to maintain those two divisions profitability. Tha group was cutting its

spending on semiconductors by 20 per cent this year, but would continue to invest in that sector over the long term as a foundation for future sales

BSkyB threat to scrap German satellite link-up

British Sky Broadcasting, the satellite televislan venture, warned yesterday that it would not go ahead with a plan to take a 49 per cent stake in DF-1, the German digital satellite operator, unless "important issues" Were resolved.

The warning comes nearly seven months after the announcement of BSkyB's strategic alliance with Kirch Gruppe, which runs DF-I. The sides have not signed a final agreement. Mr Sam Chisholm, the BSkyB chief executive, said: "We have an agree-

important issues that need to be resolved. Until they are resolved we cannot proceed." He declined to say what the issues were.

His comments came as BSkyB announced a 26 per cent increase in pre-tax profits to £134m for the six and Canal Plus of France. BSkyB months to the end of December. Earnings per share rose 27 per cent to 7.1p. The interim dividend of 2.75p represents an increase of 10 per cent. Analysts are looking at £309m pre-tax profits for the full year.

Yesterday BSkyB shares continued the rise begun last week and put on channels carried on German cable dish subscribers for the quarter

standing issue between BSkyB and Kirch is believed to be the future of Premiere, the German pay-television channel with more than 1.5m subscribers.

It is owned by Kirch, Bertelsmann wants to be part of Premiere and for the channel to be part of the DF-1

There has been litigation between Kirch and Premiere over the rights to show the latest movies. BSkyB also wants to see the DF-1 package of

announced that it had joined a consortium applying to run digital terrestrial television in the UK, said it had enjoyed record subscriber growth of 434,000 in the final quarter of 1996 - a boost that had taken total sub-

to people spending £300 at a number of consumer electronic chains, new

scribers in the UK and Ireland to more than 6m. Most of the 484,000 new subscribers in the final quarter came through cable. Despite £20m spent on a scheme to give free satellite systems

placing of orders for up to 1m digital satellite decoders with up to four manufacturers was now "imminent" Negotiations, Mr Chisholm said, had how reached a very delicate stage.

On Tuesday the BSkyB board took the formal decision to go ahead with 200 channels of television to be launched before the end of this year. Despite the investment in the digital terrestrial (DTT) venture. British Digital Broadcasting, Mr Chisholm said he saw digital satellite as the driver of multi-channel television because of the choice it could offer.

UBS ambitions hit as head of global fixed income resigns

Union Bank of Switzerland its efforts to become one of the fixed income resigned unexpectedly.

Mr Richard Briance, who became global head of fixed income for UBS in January 1996, resigned after apparent differences over strategy with Mr Hans-Peter Bauer, who is the global head of fixed income and derivatives. UBS said: "Richard has done

a tremendous job for the bank over the past year. He has successfully restructured the global fixed income securities missed." Mr Briance will leave ments

UBS tomorrow. Over the past year Mr Briance, 43, has over- bank of the Barclays group, seen the recruitment by UBS of some of the fixed income suffered a setback yesterday in industry's best known figures markets division in an attempt such as Mr Daniel Canal, who world's leading investment joined in July from Chase banks when its global head of Manhattan, and Mr Michael

> from Salomon Brothers. Mr John Costas, who joined UBS in March from CS First Boston where he had been cohead of the firm's global-bond business, is thought to be the leading candidate to take over from Mr Briance.

Hutchins who joined in April

Fixed income has become one of the most competitive areas for investment banks which are looking for company clients to commission them to finance deals put together by business. He will be greatly their corporate finance depart-

In July BZW, the investment appointed Mr Robert Diamo as chief executive of its global to boost its global fixed income business.

In October, Mr Briance helped Stagecoach, the rapidly expanding bus and rail group, to become the first publicly quoted company in the UK to fund s large acquisition by transforming corporate debt into bonds for sale to international investors.

The £545m bond transaction helped finance Stagecoach's purchase of Porterbrook Leasing, the rolling-stock com-

UBS is thought to have received . record revenues from fixed income last month.

Monster eats into Mattel profit

By Richard Tomkins n New York

The Snacktima Kids, thosa toys that turned into monsters by eating children's hair, ate Mattel, their US maker, the 200,000 dolls. company reported yesterday.

But Tyco Toys, another US toymaker with which Mattel is planning to merge, had beter luck with Tickle Me Elmo. tha furry puppet that became the must-have toy at Christnas. The product increased sales and helped cut Tyco's

Mattel launched the Spackime Kids last year. A batteryperated mechanism in the toy's mouth was supposed to eat plastic food supplied with However, after complaints

supplement their diet with children's hair and fingers, Mattel volunteered to buy back all 500,000 Snacktime Kids at \$40 a doll and to clear into fourth quarter profits of the shelves of the remaining

> and \$8m in after-tax earnings in the fourth quarter. It took after yielding to the Securities and Exchange Commission in tain royalties and other fees.

As a result, net profits rose only slightly from \$112m to

that the dolls were trying to belped by a 20 per cent surge in worldwida sales of Barbie dolls and accessories.

Mattel and Tyco are the biggest and third biggest US toy manufacturars. Mattel. spurned in a \$5.2bn takeover bid for the number two toy-Yesterday Mattel said the maker Hasbro last year, is move had cost it \$10m in sales paying \$755m for Tyco in stock.

Tyco said yesterday fourth an after-tax charge of \$15.1m quarter sales had risen by 6 per cent to \$228.2m, belved by the popularity of the Tickle a dispute over Mattel's Me Elmo doll and knock-on method of accounting for cer- increases in other Sesame Street characters.

In spite of a \$7m after-tax charge for expenses relating \$113.5m on a 4 per cent to the merger, fourth quarter increase in sales to \$1.2bm. net losses fell from \$18.1m to Mattel said without the non- \$10.2m. Tyco's shareholders recurring items, net profits are due to vote on the merger would have risen 22 per cent, on March 18.



Acquisition finance and facilities arranged for the purchase of British Steel's Forgings operations by

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COMPANIES AND FINANCE: EUROPE

Breathing space for Crédit Foncier Lufthansa

By Andrew Jack

Shareholders in Credit Foncier de France, the troubled property lender, yesterday formally granted the company breathing space until the end of next year to find a solution to its financial crisis.

modifications to the company's statutes, including and 99 per cent endorsing job losses. reducing the number of the six resolutions - because directors to as few as three, and holding annual board meetings only when deemed

industrial conglomerate, has

taken a strategic etake in

Legia, a leading Polish foot-

ball club, writes Christopher

The investment could help establish professional stan-

dards in a local game where

the finances are opaque, the

play mediocre and talented

players are speedily sold to

Last year Legia reached

the quarter-finals of the

league, and it regularly tops

Mr Kim Woo Choong, head

of Daewoo, says be wants to

build Legia into a European-

Daewoo's move was made

possible by reforms in the

champions'

western European clubs.

the Polish league.

Bobinski in Warsaw.

extraordinary general meeting in Paris, which was forced, under French law, by losses in 1995 of FFr10.8bn (US\$1.9bn).

These cut heavily into shareholders' equity and brought the company close to bankruptcy.

The decisions were They approved a series of reached almost unanimously - with between 97 per cent nearly all the shares are now heid indirectly by the French state, which took over the previously quoted

the 30-pius first and second

division clubs must trans

form themselves into joint

stock companies. To date,

four have done so, including

The reform offers the pros-

pect of stock market listings

for the clubs, once they put

their finances in order and

earnings rise with atten-

Warsaw FSO car factory.

Legia's former sponsor - is

reported to have already

invested 5m zlotys (\$1.67m)

in the club. It now has 30 per

cent of the new Legia com-

pany with another 30 per

cent held hy Polmot, one of

The remaining equity is

retained by the military,

Daewoo's local dealers.

Daewoo - which owns the

Daewoo puts steel

in Polish football

Korean

Mr Jérôme Meyssonnier. the state-appointed "governor", or chairman, told sharebulders that the bank's to the rival mutual lender survival depended on three factors: new equity, an external financial partner to improve its credit rating and permit it to borrow, and a by the likely break-up of "profound restructuring", Credit Foncier. Hundreds of which would entail heavy

Mr Jean Arthuis, the finance and economics minister, has ruled out a recapitalisation by the government. However, he remains

The votes came at an institution for FFr2.7bn late open to discussions with month, when amployees potential partners. started an occupation of the So far, he says, the only Paris headquarters that is solution invoives transfer-

still continuing. ring some of its operations nal partner, Crédit Foncier remains dangerously close to By Andrew Fisher Crédit Immobilier de France. bankruptcy. It is below the in Frankfurt Yesterday's meeting came normal regulatory minimum against a backdrop of growing social tensions, triggered solvency margin for a bank to continue to operate.

Mr Meyssonnier yesterday rejected criticisms that he employees chanted outside had precipitated the crisis by the hotel where the meeting was held, in the latest of a announcing provisions of FFr13.6bn for 1995, saying they were necessary in part because of the group's high senior executives were held hostage for six days last levels of debt.

recently cut its 1997 growth

forecast from 5.1-5.6 per cent

At the same time, prospec-

tive competitors are already

eagerly anticipating the end

of SPT's monopoly. Local

cable and telecoms groups,

which opposed the alliance

with TelSource, are pushing

to open up the market

sooner than 2001, and are

talking with utility compa-

nies about joint ventures to

provide alternative services

ished business relating to

favour relating to adminis-

trative "mistakes" in the

sale, and they are cootinuing

alliance overturned. The

next round is due in April.

Few see any real threat to

case, however, and the gov-

ernment bas made clear

there is no threat to the

Mr Kok admits the con-

tinuing wrangle is an irri-

tant. but insists it does not

SPT/TelSource partnership.

There is also some unfin-

to 4-5 per cent.

to cut in the absence of an exter-Shake-up

Lufthansa, the German airline, is to restructure scheduled passenger services and cut jobs in a move to reduce costs.

It said yesterday the shake-up was designed to prepare it for competition expected as a result of the impending liberalisation of air traffic in Europe.

Analysts welcomed the move, which they regarded as a further step in the airline's efforts to improve its efficiency in the face of tough international competition. The shares gained 5.5 per cent to DM23.38.

Lufthansa said the restructuring - part of a programme under which cargo, catering, maintenance and other operations have been put into separate subsidiaries - would flatten the management hierarchy and cut management and administrative jobs by about 10 per cent.

The new passenger division, employing about 26,000, will include such activities as sales and marketing, network management. flight operations, cabin and cockpit crews and ground operations. Currently handled by two divisions of the group manage-ment hoard, these will be managed in future by an executive board reporting to

the main board. The airiine said this streamlining would put it closer to the market and increase flexibility. The formation of the new division is dependent on the approval of the supervisory board, which next meets in

mid-March. Mr Michael Klein, analyst at Delbrück, the Frankfurt bank, said the mnve was "basically pnsitive" but would not be enough on its own to combat the competition from lower-cost UK and other airlines once the European Union air traffic mar-

ket is liberalised on April 1. Lufthansa is not making the passenger business into a separate subsidiary. This is because its airport landing rights are vested with the parent company. Putting the assets of the new passenger division into a separate subsidiary would also create tax problems.

Mr Charles Donald, airline analyst at UBS Global Research in London, said as they seek to shed its pent-up demand. These fac- shareholders who argue that the restructuring would enable Lufthansa to save on the overlapping of some functions.

"It will result in a much more aggressive managedemonstrates that Lufthansa is finally getting a firmer grlp on its nperations."

He said setting up s new division would not do much to counter the impact of EU liberalisation. He thought this had been mentioned by Luftbansa to belp molify the workforce, part of which has been ballotted this week on possible strike action over pay.



Greenfield site: Daewoo has taken a 30 per cent stake in Legis Warsaw, a top Polish club

series of demonstrations.

Mr Meyssonnier and other

SPT opens line to Czech phone profits

Efficiency has replaced death in cutting queues for connection, says Vincent Boland

got to grips last year with requests but reduced the the Czech operator's waiting list, they came across an application for a telephone of the year. This year it that had been submitted in expects to install 470,000 1927. Checking further, they discovered the applicant was

The exhumation of the in 1995 to the Dutch/Swiss consortium TelSource, has been completed. SPT says dropped dead in the queue for a phone are now over. Last year the number of people waiting for a telephona line fell for the first time in

More than 88 per cent of erable progress. all applications submitted before the end of 1990 including many from the 1950s - were met last year, with 417,000 new lines added to SPT's network. "That is more than Holland and Switzerland put together," says Mr Bessel Kok, deputy general manager of SPT and head of TelSource, which groups PTT Telecom Netherlands and Swiss Telecom. It is also more lines than SPT installed in the whole of the

The recent expansion has increased the density of telephone lines in the Czech

ICI Limited

overall waiting list from 650,000 to 623,000 at the end

it still takes two years to have one installed, but that is less than half the time it waiting list, a priority when took a year ago and the goal tha company was partly sold is to eliminate the entire waiting list in 1998. This will mean that from 1999 an applicant will have a phone tha days when Czechs installed within three months of the request, while business customers will havs to wait no longer than ona month. That is an age by US standards, but in the Czech Republic it is consid-

> Apart from its fixed-line mobile telephone subsidiary, EuroTel, which it owns jointly with Bell Atlantic

making c	OURIGEAGUE
Telephone density	Lines per 100 people
1991	166
1992	17.7
1993.	19.0
1995	
1000	47.9

SPT Telecom: Ownership Property Fund (state holding co) TelSource Investment funds, individuals others.

hen the number- Republic from 23 per hun-crunchers at SPT dred people to 27. SPT also Teleknm-run Radiomobil, in Telecom finally received 380,000 new the race for market share. Last year was the first full forecast from 5.1-5.6 per cent vear under the day-to-day EuroTel has more than 100,000 customers after six control of TelSource, which months of operations, compaid \$1.4bn for a 27 per cent

pared with Radiomobil's stake in mid-1995 at the high 35.000, in the market for digipoint of the Czech privatisatal mobile telephones. tion process. The deal was EuroTel had a head start the catalyst for a modernisaon Radiomobil, because it tion programme, likely to has been offering analogue cost about \$4,5bn by the end mobile services since 1991. of the decade, to take Czech while its competitor entered telecoms into the 21st centhe market early last year. tury. This year, for example, Bureaucratic delays involved it will spend Kc32hn (\$1.15bn) on modernisation. in getting permits to build transmission sites have also severely restricted Radio-A the immediate future the alliance between SPT for SPT is rosy, and TelSource, which is

mobil's expansion. SPT therefore had a good 1996, as executives were at pains to point out this week has a captive market with courts by a small group of image as the Czech Republic's most detested company. ute to solid revenue and mishandled. Last year the responsive to demand for least the end of the decade, new phones, it recently launched a slick advertising

operations, the company's As well as being more earnings growth until at secured a judgment in their and US West, is trouncing its campaign to win friends

Source - SPT Telecom

unlikely to expand much because of the slow pace of industrial restructuring and affect the day-to-day running poor export growth. The of the company.

when its monopoly of

long-distance and interna-

vide the backbone of its

operations, is due to end.

expansion of the Czech econ-

omy. Growth in Czech GDP

actually fell in 1996, to 4.1

per cent from 4.8 per cent in

1995, and this year it is

Sustained growth, how-

nalysts agree that

because it is a monopoly and being challenged in the

tors are expected to contrib- the sale of the stake was

tional services, which pro- a legal campaign to have the

ever, is dependent on the the alliance from the court



Western Areas Gold Mining Company Limited

RESULTS OF ELECTION TO RECEIVE AN INTERIM DIVIDEND INSTEAD OF THE

RESULTS OF ELECTION TO RECEIVE AN INTERIM DIVIDEND INSTEAD OF THE CAPITALISATION AWARD AND AN ELECTION TO SUBSCRIBE FOR NEW SHARES

The Randfontein Estates Gold Mining Company,

Witwatersrand, Limited

The right of election to receive an interim dividend instead of an award of capitalisation shares ("the Capitalisation Award") and the right of election by those shareholders electing the dividend to apply the dividend in subscribing for new Randfontein Estates shares ("the Subscription") made to ordinary shareholders registered at the close of business on Friday, 27 December 1996 ("the record date"), closed at 16h00 on Friday 31 January 1997. The weighted average traded price of Randfontein Estates ordinary shares on The Johannesburg Stock Exchange during the three day period ending Thursday, 30 January 1997 was R21,957379. Accordingly, the Capitalisation Award and the Subscription for new shares were determined as a ratio of 4,781992 new shares for each 200 shares held on the record date.

Elections to receive the interim dividend of 50 cents per share in respect of the six months ended 31 December 1996 instead of the Capitalisation Award were received in respect of 37 180 191 shares. Accordingly, an interim dividend of 50 cents per share was declared on 5 February 1997 on 37 180 191 ordinary shares in respect of the six months ended 31 December 1996. Elections to apply this dividend in subscribing for new shares in Randfontein Estates were received in respect of 19 676 081 of these shares. An amount of R9 838 040, 50 was therefore applied in terms of the Subscription. Accordingly, 1 043 187 new fully paid Randfontein Estates ordinary shares of 20 cents each have been allotted in terms of the Capitalisation Award and Subscription and the issued share capital of Randfontein Estates has been increased from 61 135 530 to 62 178 717 ordinary shares.

The listing of 1 443 187 oew ordinary shares in Randfontein Estates will commence on The Johannesburg Stock Exchange from the commeocement of business on Thursday, 6 February 1997 and the London Stock Exchange and Paris Bourse as soon as possible thereafter.

Cheques in respect of the interim dividend and shares sold for the benefit of shareholders, as well as share certificates, will be posted to shareholders oo or about Thursday, 6 February 1997.

lohannesburg 6 February 1997 ICI Limited

The right of election to receive an interim dividend instead of an award of capitalisation shares ("the Capitalisation Award ") and the right of election by those shareholders electing the dividend to apply the ividend in subscribing for new Western Areas shares ("the Subscription") made to ordinary hareholders registered at the close of business on Friday, 27 December 1996 ("the record date"), closed at 16h00 on Friday, 31 January 1997. The weighted average traded price of Western Areas ordinary shares on The Johannesburg Stock Exchange during the three day period ending Thursday, 30 January 1997 was R56.035292. Accordingly, the Capitalisation Award and the Subscription for new shares were tetermined as a ratio of 1,499054 new shares for each 200 shares held on the record date.

Elections to receive the interim dividend of 40 cents per share in respect of the six months ended 31 December 1996 instead of the Capitalisation Award were received in respect of 68 162 569 shares. Accordingly, an interim dividend of 40 cents per share was declared on 5 February 1997 on 63 162 569 ordinary shares in respect of the six months ended \$1 December 1996. Elections to apply this dividend in subscribing for new shares in Western Areas were received in respect of 52 565 372 of these shares, An amount of R21 026 148,80 was therefore upplied in terms of the Subscription. Accordingly, 607 224 new fully paid Western Areas ordinary shares of RI each have been allotted to terms of the Capitalisation Award and Subscription and the issued share capital of Western Areas has been increased from 31 615 113 to 92 222 337 ordinary shares.

The listing of 607 224 new ordinary shares in Western Areas will commence on The Johannesburg Stock Exchange from the commencement of business on Thursday, 6 February 1997.

The offer by JCI Limited to acquire the new ordinary shares in Western Areas was accepted by

Cheques in respect of the interior dividend and shares sold for the benefit of shareholders, as well as share certificates, will be posted to shareholders on or about Thursday, 6 February 1997.

5 February 1997

EUROPEAN NEWS DIGEST

Hayfever drug sales lift UCB

Stronger than expected sales of hayfever drug Zyrtec helped UCB, the Belgian pharmaceuticals, chemicals and films group, lift pre-tax profits for 1996 by about 30 per cent, from BFr4.2bn to BFr5.5bn (\$163m). The result was towards the top of analysts' forecasts.

Preliminary unaudited figures released yesterday ahead of the formal results on April 11 - showed group turnover slightly down at BFr50bn. This was mainly because of last year'e sale of UCB'e packaging division to Amcor of Australia. The packaging business previously accounted for annual sales of BFr10bn. Best performer was the pharmaceuticals division, where operating profits increased from BFr2.7bn to BFr3.4bn, on turnover up from BFri8.7bn to BFr21bn, thanks largely to higher sales of the group's flagship drug. Zyrtec. Sales of the drug in the US, where it was introduced last February, reached \$140m - well ahead of UCB'e own forecast of \$120m. UCB is expanding its sales force in the US to meet the orders for

In the chemicals sector, profits grew from BFr1.2bn to BFr1.4bn, on sales which increased from BFr17bn to BFr19bn. The group said the division'e performance had improved in the second half year, after the general European slowdown in the first half.

The films sector lifted profits from BFr320m to BFr600m, on sales which - stripping out the sale of the packaging business - increased about 40 per cent to BFr10bn. Polypropylene films enjoyed strong growth thanks to new applications developed by the group, including their use in plasticised bank notes, already in circulation in Australia.

Other activities produced profits of about BFr100m. Exceptional gains on the sale of a financial holding and the packaging business were largely offset by restructuring costs. The after-tax profit is expected to be just under BFr6bn. Neil Buckley, Brussels

New board at Ciba Specialty

Ciba Specialty Chemicals, which makes its debut on the Swiss Stock exchange next month, has opted not to appoint any representatives of Switzerland's hig three banks to its board in an attempt to avoid conflicts of

The Basie-based group, which is being spun off from Novartis, the big Swiss pharmacenticals group formed from December's merger of Sandoz and Ciba, yesterday announced its new corporate identity and its board of directors. The company has broken with tradition by appointing a board which is small by Swiss standards and, unusually, has no full-time representatives of the big

Ciba Specialty Chemicals also announced yesterday it would raise about SFr700m (\$490m) from its shareholders in the form of a one-for-one rights issue to current Novartis shareholders, at the nominal share price of

The price of shares in a global share offering will be announced later, but analysts calculate that a minimum of SFr300m will be raised.

Spanish drug groups merge The wave of mergers in the pharmaceuticals sector has

spread to Spain, where two of the leading privately owned companies plan to form what they say will he the country's largest group in the sector.

Almirall, which has ties with Merck, Rhona Poulenc Rorer and Dainippon, has agreed to merge its activities with those of Prodesfarma, another producer based in the Barcelona region. The operation will be carried out through a joint company called AP Farma. The merged group is looking to develop research activities and its presence outside Spain, where the companies now have a market share of about 7 per cent between them. The combined group is expected to have total sales of Pta76bn (\$550m) this year, including Pta23bn abroad.

The two companies said the merger would not involve any cutbacks in their combined workforce of 1,800. The move was designed as a vehicle for international expansion based on the companies' own products, such as Almax, an antacid drug made by Almirall, and Airtal, an anti-inflammatory developed by Prodesfarma David White, Madrid

New Telekom, Netscape link

Deutsche Telekom has expanded its agreement with US internet software group Netscape on distribution, marketing and system integration of Intranet and Extranet solutions. The move will allow Deutsche Telekom to expand its range of turnkey solutions for corporate networks.

The existing partnership with Netscape, formed in 1995. will now cover the complete Netscape product range. Under the terms of the contract, Deutsche Telekom will distribute the full range of Netscape client and server products to end-users, content providers, Internet service providers and corporate customers. Deutsche Telekom's T-Online unit has about 1.4m subscribers after 40 per cent growth in 1996. This makes T-Online the largest European internet access provider.

Krupp to modernise plant

Krupp Hoesch Stahl, the German steel group, plans to spend DM660m (\$479m)between 1997 and 1999 to modernise its Dortmund-based steel making facilities. The company is looking to cut costs to the levels of European

The so-called "optimisation programme", which will involve 2,200 job losses, was chosen over a DM1.2bn replacement of the existing plant with a state-of the art steelworks. This would have cost a further 500 jobs. The decision, announced yesterday, was met with demonstrations in Dortmund and a 24-hour strike by 1.500 workers at the company's Siegerland plant. Peter Norman, Bonn

Neste quiet on Borealis stake

Neste, the Finnish oil and petrochemicals group, yesterday declined comment on a report that the international Petroleum Investment Company of Abu Dhabi is set to acquire its 50 per cent stake in Borealis, the chemicals and polyoiefins group. The Finnish company has been looking for a huyer for its stake in Borealis - jointly owned with Norway's Statoil - which

has been hit recently by a steep fall in polyolefins prices.

Mr Jukka Viinanen, chief executive, said Neste was in talks with "potential buyers", but said he could not confirm a report in the government-owned Emirates News that IPIC was close to agreement on buying out Neste's stake. IPIC is a wholly owned subsidiary of the state-owned Abu Dhabi National Oil Company. Hugh Carnegy, Stockholm

Grundig denies insolvency threat

Grundig, the German electronics company partly owned by Philips of the Netherlands, yesterday denied reports it was facing insolvency. It said it had adequate liquidity and financial reserves for this year and was talking to its banks about medium-term financing. Last year Grundig posted a DM350m (\$213m) loss, down from DM598m in

To stem the drain on its resources, Philips last month said it was cutting managerial links with Grundig; of which it bolds 32 per cent. Grundig has retained Credit Suisse First Boston, the investment bank, to find a new partner. Philips is also trying to end a contract with Grundig heirs obliging it to pay DM45m a year into a family foundation.

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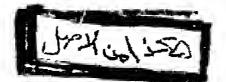
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FINANCIAL TIMES THURSDAY FEBRUARY 6 1997

Euro Disney director goes OMV up 32% on higher oil in reshuffle

By Andrew Jack in Paris

THE RSDAY FEBRUARY

AN NEWS DIGEST

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Euro Disney, operator of the Paris-based theme park, yesterday announced the abrupt departure of one of its top executives as part of a reshuffle of senior jobs.

Mr Xavier da Mezerac. finance director, had "decided to explore career opportunities outside the company", it said.

Mr Gilles Pélisson, president and chief operating officer, will temporarily oversee the financial direction of the company.

Euro Disney said the daparture had been "by mutnal agreement" and stressed the change came at a time of operational

restructuring. It said Mr Philippe Bourguignon, chairman, had always been closely involved in financial Mr de Mézerac joined Euro

Disney in 1992 and was finance director from 1994. shortly after the financial restructuring at the com-Following the recent

reshuffle, Mr Marc Robino has been hired from Novotel. part of the Accor group, as director for restaurants. Mr Christian Perdrier, previously in charge of hotels at Euro Disney, becomes senior president for operations.

By Alice Rawsthorn

flagship store.

Gucci, the Italian luxury

goods group, is expanding its

retail operations by taking

control of Gucci Venezia,

which operates five fran-

chised Gucci boutiques in

Italy, including the Venice

will pay an undisclosed sum

for a majority stake in the

business, follows the open-

ing of its first Chinese stores

weekend. Gucci will open its

first free-standing Japanese

boutique in Osaka next

month, and is searching for

sites for two flagship stores

Mr Domenico De Sole, president, said the Gucci

Venezia transaction formed

part of its efforts to operate

its stores directly, rather

than through franchises. "We really believe that fran-

chised businesses can bene-

fit from our merchandising

Gucci Venezia is one of the

group's larger franchised

operations, with bontiques

strength," he said.

Mr Jeffrey Archambault will be director of special projects and Support 2000, which is designed to review administrative operations.

The company said the changes reflected its policy of shifting from a management structure based around its various attractions - the park, hotels and "festival" site - to one based around functions, such as ahop and restaurant operations.

Separately yesterday, Euro Disney distributed copies of its 1996 annual report. which highlighted a series of corporate governance initiatives in line with reforms taking place across French

It said the supervisory board had approved a charter defining its responsibilities, including a directive that directors should not sit on large numbers of other boards, which would dilute the time and energy they could give to the company. Each director will be

required to hold a minimum of 1,000 shares in Euro Disney, and "an important" proportion of the annual payments they receive - which rose in total from FFr950,000 (\$171,000) in the previous year to FFr1.35m - will depend on attendance at board meetings.

in Treviso, Padova, Verona and Venice. After the deal,

Gucci will operate 76 stores

directly, leaving 77 under

The Venezia acquisition.

coupled with last weekend's

store openings in China,

marks the start of an aggres-

chief designer. It has sched-

uled store openings for Ger-

many, Hong Kong and the

former Soviet Union, as well

as Japan, by the end of 1996.

existing boutiques, starting with the opening of an

expanded store on London's

Sloana Street in August, fol-

lowed by the redesign of its Beverly Hills boutique.

range, notably in luggage,

gifts and homeware, which

currently represent a small

FAZENDA

Mr De Sole also atms to expand Gucci's product

Gucci is also refurbishing

ings this year. -

The deal, in which Gucci involving 20 new store open-

the control of franchisees.

to remain roughly stable Gucci takes over Italian franchisee

sive expansion programme After a troubled period in the 1980s. Gucci has become one of the hottest fashion labels of the 1990s under Mr

> posted a profit amid higher prices for plastics and chemical products.

cancelled talks with Repsol, of Spain, on setting up a joint venture with its chamicals unit PCD, because the two groups could not agree on a solution for the polyolefins sector.

bie capital spending on PCD's facilities to secure its

prices

By Eric Frey in Vienna

results from all divisions.

net income was affected by a change in Austrian tax laws, which barred the company from deducting car-1996 and 1997 tax bills.

Operating profit was np 39 per cent from Sch2.09hn to Sch2.9bn last year, and the company lifted its 1996 dividend from Sch20 to Sch23

exceeded analysts' earlier predictions of pre-tax earnings of about Sch2.5bn. Its shares rose on the Vienna bourse after the announce-ment, but fell back later to close at Sch1322.90, down

Mr Richard Schenz, OMV "The organised [supermarchairman, expected earnings | ket] retail food market is

this year, subject to oil price and dollar finctnations. Most of OMV's profit rise in recent years had come from cost reductions in all divisions. "Cost adjustment remains our permanent task," be said. The natural gas division,

which posted steady earnings, again made the biggest contribution to group profits last year, the company said. Higher oil prices, especially in the fourth quarter, helped the oil exploration and production lines to return to profit after a loss

The chemicals division

Mr Schenz said OMV had

Pre-tax earnings at OMV. the Austrian oll and gas pects for 1997 look just as group, jumped 32 per cent last year because of higher oil prices and positive However, the increase in

per cent this year. mism is the population. During the next few years It is ried-forward losses from its expected to grow at an annual rate of 2.5 per cent, OMV said yesterday. which means the 1.9 per cent Earnings hefore interest expected annual rise in per-

and tax rose from Sch2.19bn to a preliminary Sch2.9hn (\$251m), while net profit climbed about 10 per cent from Sch.1.73bn to an estimated Schl.9bn. The clause in the tax law, which is part of the 1996 austerity budget agreement, permits OMV to include carried forward losses again in its 1998 tax

OMV's record results 17.6 per cent. Yet analysts still believe that the market is far from saturated. "It remains a very attractive sector," said Ms Elise Horowitz, analyst at Lehman

Brothers, the investment

OMV. was also satisfied with the performance of its petrol station network in neighbouring countries. In Austria, however, petrol retailing suffered from higher taxes and restructuring coats from station

Instead, OMV would dou-

COMPANIES AND FINANCE: EUROPE / MIDDLE EAST

hese are beady times

capita food consumption will

represent a 4.4 per cent real

reputation as one of the fast-

est growing areas in the

global retail industry.

Between 1990 and 1995, pri-

vate consumption grew at an

annual compound rate of

20.1 per cent, fuelled by the

immigration to Israel of

nearly im Russians, higher

income levels and a change

in consumer habits. Over the

same period, food and bever-

age consumption grew at an

annual compound rate of

This will establish Israel's

increase.

Food for thought for Israeli retailers Consumption is growing fast, but the market is likely to remain a duopoly

Food sales by market chain for Israel's food retailers. Food sales Super-Sol 35% in the large retail stores increased 16 per cent last year to about Shk2Sbn -Coop-Zaton-(\$7.5bn). And growth pros-Hypershuk 13% good in spite of the slowdown in the economy, where gross domestic product growth will slow from 4.4 per cent in 1996 to less than 3.3 The reason for the opti-

> projected to grow from its neglected ultra-Orthodox current level of 40 per cent to an estimated 56 per cent in the coming years. There is still a lot of growth potential," she says.

Organised retall food chains account for 56 per cent of the food market in western Europe and 7S per cent in the US. Israel's organised food

chains are dominated by Blue Square, listed last year in New York, and Supersol, owned by a group of private Israeli investment companies, including the Recanati family.

Each already holds a market share of about 35 per cent in the supermarket sector, which accounts for 32 per cent of Israel's total food consumption. And botb groups are looking to increase their share of the organised retail food market through a two-pronged strategy of high investments and targeting the hitberto

Jewish community.

Blue Square, for example, plans to invest more than \$100m this year, following an investment of between \$60m and \$70m last year. "We are planning to open new stores. improve logistics and introduce new product lines." says Mr Yaakov Gelbard, Blue Square chairman. Consolidated sales for last year are expected to reach

Shk3.7bn. Supersol - which earlier this week received the go-ahead from the antitrust authoritles to acquire Sbekem, the third-largest supermarket chain which has a 6 per cent market share - is planning a mas-

sive investment programme. Between 1997 and 2000, it will invest Shk200m a year opening new stores, renovating existing stock and acquiring real estate for developing new shopping malls and commercial cen-

tres. Consolidated sales for reach Shk3.2bn.

Both groups have begun to target the ultra-Orthodox Jewish community, which makes up about 10 per cent of the population.

Blue Square has set up markets/countries," Mr Car-Shefa Mehadrin, a chain of food stores that will cater for very defined groups of Orthodox Jews wanting the Swiss food producer, and specific kosher certification on food products.

Supersol has recently established the Birkat Rachel chain which caters to the ultra-religious Orthodox community. This sector can be no longer ignored," says Mr Daniel Carasso, analyst at UBS Global Research.

et bowever much the Israeli food retailing sector is set to grow in the coming years, it will remain a duopoly, dominated by Blue Square and Supersol, and an elusive market for European and US

food chains. This is because there are hidden entry barriers to the Israeli retailing market," Mr Carasso explains, "One of the main ones is the religious barrier. It is easy to forget that Israeli eating habits are very different to those of the rest of the world. Product has to be pre-

Mr Carasso believes this is wby international food manufacturers have stayed out of the market, tending to license their products to

"For the international food last year are expected to fraternity, the cost of developing a new subsidiary with its own buying arrangements is prohibitlye, especlally as this product sourcing is of absolutely no relevance to the surrounding

asso argues. Yet some non-Israeli retailers - most notably Nestlé, Danone, the French food group, have recently entered

the Israeli market. Danone has bought a 20 per cent stake in Strauss, the Israeli dairy prodoct

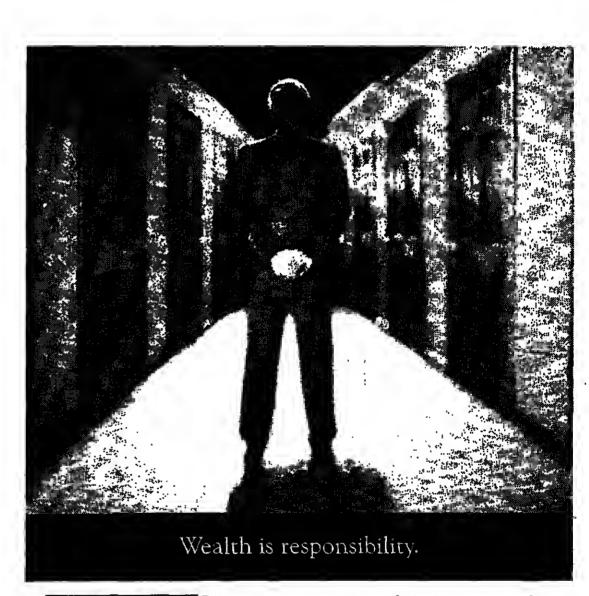
"We are not strong in this part of the world and wa really think that Israel is a good place to begin huilding the brand of Danone," says Mr Frank Riboud, managing

director of Danone. That will be a long haul given the religious barriers. And even if non-Israeli retailers want to use Israel as a stepping stone to the will find there a food retailing sector far less developed compared with Israel's and an economy with a gross domestic product at least ten times lower than Israel's.

"It is early days yet to talk about Israel being some sort of bub," says Ms Horowitz, at Lehman.

That means Blue Square pared for this market." and Supersol will continue to enjoy an unassailable position for some time to

Judy Dempsey



WEALTH WITH RESPONSIBILITY · 1996 Research Study The Exploration of Key Issues Surrounding Philanthropy Personal and Ethical Issu Social Investing Charitable Giving

& Bankers Trust

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A Brazilian bank founded in 1889, headquartered in the State of Minas Gerais, having 86 branches (with government authorization to establish an additional 93), total assets of R\$1,574.8 million, and shareholders egulty of R\$60.6 million as of June 30, 1996. The Shares offered for sale are the property of the state of Minas Gerais and MGI Participações S.A. and will only be sold in their entirety to an eligible buyer meeting the requirements of the Central Bank of Brazil. An official announcement outlining the requirements and procedure to participate in the auction was published in Brazil's leading newspapers on January 31, 1997. Interested parties may obtain a copy of the announcement by calling the undersigned. in the auction of the shares

non Brothers Inc

PATRIMÔNIO

Former McKinsey man heads the bill

There was plenty of symbolism in and Mr Fisher. The two Morgan as chief financial officer. the way Dean Witter Discover and Stanley bankers, as if on cue, pulled Morgan Stanley chose to present their own Discover cards from their their merger yesterday - and in the wallets - though this is s credit card management structure they have set up for their enlarged group. But having built its business through an of the new group's board-level executhere was little doubt it will be Mr sppeal to a more down-scale mass Philip Purcell, a former McKinsey market. management consultant, who will be running the sbow.

Richard Fisher. Morgan Stanley chairman and chief executive, and Mr John Mack, its president and chief operating officer, Mr Purcell was at pains to represent the deal as at its former parent, Sears - who a merger of equals.

With exaggerated familiarity, he lent over to put his hand on Mr Mack's arm - while pledging the two Stanley executives, with Mr Mack would form a double-act to rival the serving as president and chief opersuccessful teamwork of Mr Mack ating officer and Mr Phil Duff acting

brand seldom seen on Wall Street,

However, the first test of this new relationship, as both sides acknowl-Sitting sandwiched between Mr sdged, will he the relationship between Mr Mack and Mr Purcell. And it is Mr Purcell - a former consultant who built up the financial services business while an executive will hold the titles of chairman and chief executive officer.

He will be surrounded hy Morgan

Mr Fisher, one of Wall Street's most diplomatic investment bankers, has adopted the role of elder statesman, taking on the title of chairman tive committee. Symbolically, each side will have seven seats on the board.

If they can fit their two businesses together smoothly, it will be a formidable force in the US financial services business. Combined, the two will have a capital base of about \$10.5bn - far bigger than the \$6bn of Merrill Lynch, which is widely acknowledged as having created the most successful full-scale securities and investment banking concern on Wall Street.

It will also have a far more diversified range of businesses than many giving it greater stability as it seems to grow faster outsida the US.

The steady stream of earnings form Dean Witter's credit cards and fund management businesses have already assured its stock a higher rating on Wall Street than Morgan Stanley, whose earnings are dependent on more volatile trading and

investment banking business Of their combined \$12bn of revenues last year, \$2.9bn came from the Discover card and other credit services businesses, and \$1.7bn from the combined asset management operations of the two businesses. They also generated \$1.8bn of commissions between them and \$2.3bn of investment banking revenues.

Richard Waters

DISCOVI A 1922 . CHAN!

The fourth-largest US credit running st 6.1 per csnt for card hrand has a new owner the fourth quarter of last as a result of the Merger of year, and 5.4 per cent for Morgan Stanley-Dean Witter 1996 as s whole. Both figures Discover merger. The Discover card, owned

merger cake

Discover card

is icing on the

by Dean Witter Discover, has logged steady growth card managed loans over the past few years, mostly at the expense of \$29.02bn during the year, its American Express, although it may also have cost Master-

From 1990 to 1996, it managed a steady but significant increase in its share of US it has the sdvantage of owncredit csrd transaction ing its own large volume volume from 4.9 per cent to payment network, and there-6.8 per cent. American Express currently bolds 15.9 per cent.

Like the rest of the US credit card industry, it has been affected by the high rate of personal bankrupt- strategy, based on its propri- ing associations form a barcles, with bad debt write-offs etary Novus merchant net- rier to further expansion.

are roughly in line with the However, its total credit

increased from \$23.96bn to quirky advertising, emphasising its detailed service and documentation, means it is already well recognised.

Analysts like the fact that fore does not have to pay fees to the Visa or Master-Card networks.

The Discover card is also being used as the flagship for a multiple-brand card

Quirky advertising means the Discover card is already widely recognised work, and this should allow the company to gain addi-

tional benefits of scale,

Like American Express

The associations bar memthese rules are currently however, the rules of the Visa and MasterCard bankbeing investigated by the US Justice department.

The company has ambi-

tions to expand further, and ber banks from offering is now s part owner of Moneither American Express or dex USA, a leading developer Discover cards, although of "smart cards" and advanced electronic psy-

John Authers

Takeover speculation surrounds C

By Daniel Dombey in Mexico City

A question mark is hanging over the future of Cydsa, one of Mexico's leading petrochemical and textile

Cydsa's stock bas appreciated by 43 per cent for the year to date - more than any other leading slock on the Mexican exchange – in spite "A sale of Cydsa would of expectations of modest

Cydsa, which has a market might be up for sale.

The firm that controls lt, facturer Vitro, could Sada, Cydsa chief executive,

improve its balance sheet hy disposing of its 49 per cent and Federico Sada González, "We have not bee

Vitro dedicates almost two-thirds of its cash flow to interest on \$1.8bn of debt. This is inhibiting investment at a time when Vitro's nearmonopoly in the Mexican glass market is being challenged by Saint-Gobain, tha

make sense. Vitro could use the

There are family ties, how-

Le Groupe Vidéotron Ltée

completed the sale of its 55.6% stake in

Videotron Holdings Plc

We acted as exclusive financial adviser to

Goldman Sachs International

Regulated by The Securities and Futures Authority

Le Groupe Vidéotron Ltée in this transaction.

Vitro chairman and chief executive, respectively.

Until recently, Vitro has refused to contemplate selling Cydsa. But the company now appears to be softening its line. "No decision has yet been made regarding Cydsa," sald Mr Hiram Peón, financial spokesman for

Vitro. For 1996, Cydsa is expected sales growth. This has led to the money to pay off its peso to report operating profits of ero Inbursa, a financial speculation that an acquisidebt," said Mr Santiago \$100m, from sales of \$843m. group owned by Mr Carlos company's ownership could \$100m last year. tion attempt is imminent. Pique, an analyst at Bear The company expects an Slim, Mexico's richest busicome quickly - and would For the year to There are reasons why Stearns in New York. "There increase in sales of between are no real synergies 3 per cent and 4 per cent for the current year.

Total capital expenditure for 1996 was about \$28m. Monterrey-based glass manue ever. Mr Tomás González However, even if Cydsa is estimated to own up to 10 tage," a Cydsa spokesman were for sale, there is still

"We have not been buying any shares," said a spokesman at Alfa, the Monterrey based steel and petrochemical conglomerate. "Cydsa and Alfa are two completely different companies. There are no synergies between the

"We have not bought any large amounts of Cydsa shares recently," said a fund manager at Grupo Financi- petrochemical prices. nessman and the country's be unlikely to prove traubest-known corporate predator. Between the stakes beld by Inbursa and his conglomerate Grupo Carso, Mr Slim kind of competitive advan-

per cent of Cydsa, which

posts 25%

profits fall

Barrick, the North American

gold producer fighting

Placer Dome for control of

the big Busang deposit in Indonesia, posted fourth-

quarter net profit of US\$56m.

or 15 cents a share. down

from \$78m, or 22 cents,

Gold revenues were \$330m

For the whole of 1996 earn-

ngs were \$218m, or 60 cents

a share, down 25 per cent

from the \$292m, nr 83 cents

booked in 1995. Revenues

were \$1.3bn against \$1.28bn.

special mine development

Gold output in 1996 was

Cash operating costs rose \$13m to \$193m, but will

reserves at the year-end

totalled 51m ounces, up 40 per cent from a year ear-

lier, mainly due to the acqui-

sition of Peruvian and Chil-

production is hedged at \$420

The higher reserves would

translate into significantly

greater production by 1999,

Barrick is reported to be

revising its offer to dev-

elop the Busang deposit

to allow greater indo-

the object of meeting the

terms of a rival bid from

3.15m pounds, up slightly

charge of \$38m, or 10 cents a

Barrick

for year

By Robert Gibbens

a vear earlier.

against \$377m.

decline in 1997.

a pound.

Barrick said.

Goldman Sachs

would make him its second biggest shareholder after Some analysts, bowever, argue that Cydsa's recent rise has been based on

fundamentals. The company recently won water purifying contracts with Pemex, the Mexican state oil monopoly, and it remains a profitable concern in spite of pressure on world

Yet a change in the matic for the company Itself. "Being associated with Vitro does not give us any

By Daniel Green

cals company.

around \$150m.

Wall St

Cisco Systems calmed Wall Street fears of slowing growth in the market for data communications networking equipment by reporting s 73 per cent rise in sales for its second fiscal quarter, ended January 25. Cisco, the dominant sup-

piter of networking equipment - the "plumbing" of the Internat and private computer networks reported revenues of \$1.59bn, up from \$918.5m in the same period a year ago. Net income was \$338.5m, or 49 cents a share, against \$209.7m, or 31 cents, for the

second quarter of 1996. Excluding two special items reisted to acquisitions. Cisco had net income of 51 cents a share for the quarter, slightly above Wall

Street estimates of 50 cents. However, investors remain nervous about the market for networking equipment and Cisco's bares were down yesterday. In mid-session Cisco was trading at \$64%, down \$2% from Tuesday's close. Worries that Cisco's results might not meet expectations had also dragged down as 3Com and Bay Networks,

on Tuesday. Concerns about slowing growth in the networking equipment market were unfounded, said Mr John Chambers, Cisco president and chief executive. The market would continue to grow at about 30-50 per cent a year, driven by rapid growth of the Internet and private intranets, he said.

Mr Chambers acknowledged that Wall Street was "skittish" abont rapid consolidation in the sector. Cisco, the market leader, was itself planning "10 or 12" acquisitions in this calendar year, he said.

As the industry consolidates, "there will he winners and losers and higger discrepancies [in the financial performance of various companies]", Mr Chambers said. "The [stock] market likes predictability, and in this sector we expect to see greater volatility."

Analysts bad expressed concerns about Cisco's \$4bn acquisition of Stratacom last year. Mr Chambers said, however, Stratacom had booked orders worth \$160m in the second quarter, np from a run rate of \$90m-

reported net income of \$519.4m, or 76 cents s share, on revenues of \$3.03bn. In the year-ago period net income was \$391.1m, or 59

Glaxo Wellcome's largest

The deal would he

financed by an equity invest-

Cspital Partners, and by

deht from "a major global financial institution", Catal-

The rest of the plant

would manufacture materi-

als for customers such as

Pfizer and Merck of the US,

and Novartis of Switzerland.

shares amounting to an

equity stake of less than

increase in size for Cataly-

tica, which puts its 1997 rev-

enues at about \$20m without

The sale is the last big dis-

posal in North America

likely to emerge from Glaxo's takeover of Well-

the latest deal.

come two years ago.

The deal mesns a rapid

Catalytica is also to issue

vtica said.

that the plant currently Glaxo Wellcome with new

Glaxo Wellcome

sells US plant

Catalytica Fine Chemicals, supplier.

the Californian drug manu-

facturer, has agreed to huy a

plant from Claxo Wellcome,

and to enter into a five-year

sales contract worth \$800m

with the UK pharmaceuti-

Catalytica has signed a let-

ter of intent to buy the plant

in Creenville, North Caro-

lina, thought to he worth

Catalytica said yesterday

employed 1,150, and that it

intended to keep "the vast

majority" of workers there.

into a five-year manufactur-

ing agreement with Glaxo

That would hring Cataly-

tica about \$800m in revenues

nver the next five years, the

Dr James Cusamano,

Catalytica chief executive,

Catalytica is also entering

Cisco's results fail to impress Steels himself for tough time

By Louise Kehoe in San Francisco

With shares of Apple Computer trading near a 10-year low of about \$15, Mr Gil Amelio, chairman and chief executive, yesterday prepared for what promised to be a challenging annual shareholder meeting.

On the eve of the meeting he announced plans to "streamline" Apple's operations and made several management changes. He said the restructuring would involve the "elimination of programmes and positions" but did not make specific expenditure cuts. The announcement, timed

to placate shareholders. could backfire if investors become impatient with the lack of details. Apple employses, many of whom are shareholders and typically attend the annual meeting, may also be restive amid speculative reports of large-scale job cuts.

The mood st this year's meeting is unlikely, however, to match the tension of s year ago, days before Mr Amelio joined the troubled US personal computer

At that time, Apple was near to running out of cash. Confidence in management was at an all-time low, and widely-reported takeover talks with Sun Microsystems had just fallen through.

Apple is no longer "in cri-sis" said Mr George Scalise, chief administration officer. who also joined Apple last year. The company's execu-

where to pare bsck operations, he said.

leaker

Apple, nonetheless, still faces serious problems. Its share of the world PC market has fallen from nearly 10 per cent a year ago to below 5 per cent. Apple's US sales, in particular, hava dropped sharply. According to a report published last week by Dataquest, the market research group, Apple's US shipments dropped 30 per cent in 1996 while total PC

sales grew 17.8 per cent. Losses in the first quarter, which ended December 31. were \$120m and ths prospects of a swift return to profitability are fading.

Moreover, Apple still faces the fundamental problem that dogged Mr Amelio's predecessors, its product development costs are far higher than those of competitors in the PC industry because it does not use "industry standard" Intel hardware and Microsoft software.

The reorganisation will help boost sales, Mr Scalise said, hy eliminating multiple engineering and markating teams to focus efforts on core markets including edncation, business, publishing and consumers.

Mr Amelio also reshaped his executivs team. Mr Guerro De Luca, formerly head of Apple's Claris software subsidiary, will lead the company's new glohal marketing group.

He also appointed Mr Avie Tevanian, formerly of NeXt, to head software development and Mr Jon Rubinsteln, from FirePower tives would reach decisions Systems, to run hardware over the next month on product development.

Goodyear and Sumitomo in production pact

Goodyear Tyre and Rubber and Sumitomo Rubber Industries of Japan yesterday announced a productionsharing agreement, marking one of the biggest structural shifts in the world tyre industry since the start of the decade.

tyres group reported its 23rd consecutive quarterly rise in operating earnings - but also one-off charges for the fourth quarter totalling

These were secounted for mainly by a \$755.6m writedown of the group's All American oil pipeline scross the southern US, as part of preparations for the pipe-line's sale as a non-core Goodyear operation.

The balance was made up of costs associated with the further rationslisation of tyre and ruhber operations world-wide, including the ending of tyre-making in Greece. The effect was to transform Goodyear's fourthquarter operating profit of \$164m. or \$1.05 a share, into a net loss of \$408.2m, or

Under the production-sharing deal, to be signed in New York next week, Goodyear, the world's third-biggest tyre-maker, will produce Dunlop-branded tyres for Sumitomo affiliates Dunlop and OHTSU in the US. Sumitomo and its OHTSU subsid- products sectors. iary will produce tyres for Nippon Goodyear, the US

group's Japanese subsidiary. The agreement, initially for three years, covers 2m car and light truck tyres a year, all destined for the replacement market

Mr Samir Gibara, Goodyear chairman, last night did not rule out extension of the collaboration with Sumitomo

into other activities. "Only time will tell - but the only thing we have now is this agreement; there is nothing beyond it," he said.

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The deal provides an indication of the cost and efficiency pressures being felt throughout the world tyre industry. "By better utilising the existing manufacturing this agreement would avoid industry and reduce the exposure of both companies to future economic cycles in the US and Japan," Mr

Gibara said. For the full year, Goodyear reported earnings of \$674.7m. or \$4.35 a share, before the one-off charges, up from \$611m, or \$4.02 a share in 1995. Net income for the year however fell to \$101.7m, or 66 cents, on sales down from \$13.17bn to \$13.11bn.

Unit tyre sales were up 7.2 per cent over 1995, but Mr Gibara said revenues were impacted adversely by fierce pricing pressures around the world and the strengthening of the dollar.

The company announced a \$600m stock buy back programme, designed to give Goodyear better flexibility in funding acquisitions and to optimise shareholder value. Last year, Goodysar spent \$330m acquiring more businesses in its core tyre and rubher

With the latest write down, the sale of the All American pipeline - built for Goodyear during the 1980s at a cost of more than \$1bn hut now valued in Good year's books at \$420m - had moved "higher np the agenda", Mr Gibara said.

Restructuring costs were expected to be at a far lower

Rise in medical costs hurts Aetna By Lisa Branster

US group sald.

Aetna, the US life and health Insurer, yesterday reported disappointing fourth-quarter larger than expected rise in medical costs.

Earnings from continuing operations of \$136.2m were before two one-off charges relating to the sequisition of US Healthcare, which was nesian participation, with completed in July.

The operating earnings represented a 12 per cent costs; higher than the 82 per Increase on the \$118.6m cent of the third quarter, Aetna US Healthcare diviearned in the same period and the 78 per cant paid sion, which runs the compa- insurance company.

last year. However, operating income was 81 cents a year. share, compared with \$1.03 made in the same period last year. This was because new sbares and preferred stock costs, combined with a flat had been issued since. Analysts had forecast

operating earnings closer to 85 cents a share. The company's sbares fell \$2%, or 3 per cent, to \$79% in early New York trading. In the fourth quarter,

83.1 per cent of premium revenue was paid out in medical

out in tha same period last Mr Gary Frazier, a health-

care analyst at Bear Stearns, said that the rise in medical pricing environment, accounted for almost all of the earnings shortfall. The continued inability to

contain costs was a problem specific to Aetna, he said. Revenues grew by 33 per cent to \$4.5bn in the fourth quarter,

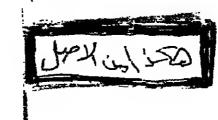
This was largely because of a rise in premiums in the

ny's managed operations.

After the one-off charges which were largely to cover severance pay and facilities closures - the company made a loss of \$143.8m, or \$1.05 a share, in the quarter. For the full year, Astna

reported earnings from continuing operations of \$119.2m, or 71 cents a share, on revenues of \$14.8bn.

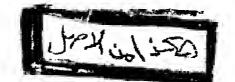
Aetna aarlier this week announced plans to expand



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EDC

Export Development Corporation U.S. \$100,000,000 Collared Floating Rate Notes due February 5, 2003 Series "YV" February, 1997 to 5th August,

For the Interest Period 5th 1997 the Notes will carry a Rate of Interest of 5.42188% per annum. The Coupon Amount per U.S. \$1,000 Note will be U.S. \$27.26, per U.S. \$10,000 Note will be U.S. \$272.60 and per U.S. \$100,000 Note will he U.S. \$2,726.00. The next Interest Payment Date will be 5th August, 1997.

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COMPANIES AND FINANCE: ASIA-PACIFIC

Weaker yen lifts sales and profits at Sony

By Michiyo Nakamoto in Tokyo

Sony yesterday reported a strong increase in sales and profits in the third quarter, helped by the yen's weakness against the dollar and huoyant sales of electronics products. The company forecast record sales and pre-tax profits for the full

The Japanese consumer electronlcs group reported third-quarter sales in the fiscal year to March 23 per cent higher at Y1,666.8bn compared with Y1,350.6bn in the previous year.

By Justin Marozzi in Manila

Philippine Long Distance

Telephone Company (PLDT),

telecommunications

company, yesterday

announced a 12 per cent rise

in net profits to 6.44bn pesos

(\$244m) in the year to

December 31 on the back of

Tha shares, which have

risen 15 per cent in three

weeks following bearish

market sentiment on

fortbcoming reductions in

international accounting

rates, gained 10 pesos to

reduction, urged by the US

Commission, to be 15-20 per

fall of 20 per cent in 1998

after PLDT's negotiations

with AT&T, the US

28.6bn pesos accounted for

Exchange debut yesterday, despite seeing its initial

compared with an issue

Hang Seng index rose less

than 1 per cent, China East-

ern's debut was considered

sive, especially given its role

as the first Chinese airline to

In the US. China Eastern's

American Depositary Shares

were trading at US\$19%

early yesterday, compared

with an issue price of US\$18.

Each ADS represents 100

by analysts to be unimpres-

While the benchmark

public offering 22 times future.

on its Hong Kong Stock and New York.

The sbare price closed haavy regulatory environ-

5 per cent up, at HK\$1.45, ment in which airlines oper-

in Hong Kong

subscribed.

price of HK\$1.38.

be listed overseas.

PLDT, which is also listed

telecommunications group.

improved revenues.

close at 1,585 pesos.

former

Pre-tax profits nearly doubled to minch to the yen's weakness pared with 250,000 previously. Sony boosted sales in the US by 30 per Y147.4hn while net income more against the US dollar, which expects MiniDisc, which has won cent, while European sales were up than doubled, from Y37.1bn to Y75.4bn.

The strong third-quarter performance would help lift Sony's fullyear sales to a record Y5,500bn and pre-tax profits to a record Y275bn, the company forecast. The increase in sales would be 20

nearly double. Net income is forecast to increase 143 per cent, to

boosted sales by Y110bn and con-popular acclaim in Japan, to 25 per cent, helped again by the tributed Y40bn to operating profits for the quarter of Y300.4bn.

Sony said that apart from the previously. yen's depreciation, it had benefited Japan, sales of the Sooy PlaySta- units against 750,000 units in the per cent on the previous year, Sony tion, a 32-bit video games machine, previous third quarter. Of the 3.3m said, while pre-tax profits would digital camcorders and the Mini-Disc, a compact recordable audio disc, belped raise sales 14 per cent.

MiniDisc sales came to 450,000

achieve sales of 1.5m units, in the full year to March, against 700,000

Meanwhile, the success of its digfrom firm demand for many of its ital Handycam camcorders helped consumer electronics products. In sales of camcorders rise to 900,000 camcorders Sony expects to sell in the year, it says 10 per cent will be digital camcorders.

Sony's strong performance owed units in the third quarter com- monitors and video recorders respectively.

Share price (pesos)

cent, while European sales were up yen's weakness.

The third quarter was a good one for Sony's entertainment division, particularly its films arm, which has often dragged consolidated sales down in the past. Even in local currency terms, music hits such as Celine Dion's "Falling Into You", and video sales of the movia Mathilda lifted sales in Sony's music and movie divisions by Strong demand for computer 13 per cent and 35 per cent,

new rates and the group's ability to continue effective

cost-cutting measures. The

head count has already

fallen from more than 20,000

in 1994 to 18,400. The target

There are concerns over

downward pressure on

international revenues

which will not be balanced

by significant improvements

in operating costs which

largely came from one-off

factors in 1996. We are

expecting sub-market

earnings growth," said Ms

Alex Connor, analyst at

More than 80 per cent of PLDT's revenues were

dependent on US dollars, as

Long-term debt rose from

36.4bn pesos to 45.8bn pesos.

giving gearing of 90 per cent

W.I. Carr is forecasting a 2.1

per cent depreciation of the

peso against the dollar for

1997. Fully diluted earnings

was around 90 per cent of

W.L. Carr in Manila,

denominated in

group debt, she added.

is 15,000 by 1999-2000.

new airliners, including four Boeing 777-200s and three Airbus aircraft. It will retire five others, taking the total fleet to 138 aircraft. ANA said it was on target to reduce personnel costs per PLDT advances 12% as revenues improve

exceed 40m for the first time.

seat kilometre by 20 per cent, increase aircraft utilisation by 10 per cent and raise revenues by 15 per cent, under its restructuring plan. Jonathan Annells, Tokyo

ASIA-PACIFIC NEWS DIGEST

ANA plans to lift

passenger capacity

All Nippon Airways, Japan'e second-largest airline and

dominant domestic carrier, announced it would introduce

larger aircraft and additional routes, in unveiling its 1997

the changes would help its annual passenger capacity

restructuring plan, the airline is to take delivery of 11

In the final year of a three-year, medium-term

business plan in Tokyo yesterday. The company predicted

Gujarat Ambuja protit slows

Gujarat Ambuja Cements, one of the Indian cement companies most closely watched by foreign investors, has reported a slow-down in first-half profit growth.

The company, often described as the most efficient cement producer in India, lifted its net profit by 20 per cent to Rs489bn (\$13.6m) in the six months to December 31. The net profit came after the company made a tax provision of Rs40m, following the introduction of a minimum corporate tax last year.

Net profit growth was well below the 75 per cent achieved in the same period last year, Analysts said volume increases had been offset by price falls since October, Gujarat Ambuja said the growth in cement demand in India was about 9 per cent - "almost equivalent" to last year.

It declared an interim dividend of Rs2.5, and said it recently commissioned its fourth cement plant with a capacity of 1m tonnes a year. Tony Tassell, Bombay

Rains hold up Newcrest

Newcrest Mining, the Australian gold miner, warned vesterday it had been forced to scale back operations at its large Telfer gold mine in the Great Sandy Desert, because beavy rainfall bad cut road access. The move is designed to preserve distillate and allow treatment

production had been affected until road access was second quarter to end-December, and said it might only hreak even in the second half.

Nikki Tait, Sydney

Analysts expect the rate Making connections: an operator at PLOT, which seeks a 20% rise in long-distance charges

Federal Communications the increase in group profits. rates, PLDT is applying to local service fee, together International long-distance the cent initially with a further revenues, however, which accounted for more than 55 per cent of the total, grew only 5 per cent to 15.86bn pesos, after a weakening of the peso against the dollar, a in New York, said a 18 per decline in accounting rates cent rise in revenues to and increased outgoing calls.

listed Chinese enterprises.

China Eastern Airline, the Kong's 24th H-share, raised was reallocated to Hong

Shanghai hased carrier, some HK\$1.9bn (US\$246b) in Kong investors to meet failed to make a flying start a dual listing in the territory. the stronger demand in the

Concerns include the

ate in the mainland, the

company's debt burden, and

competition on international

Investors may have been further dispirited yesterday

by Beijing's decision to slash

domestic air fares for

foreigners travelling in

an attempt to boost tourism.

sees air fares cut by as much

as 30 per cent for foreigners.

the top end of the proposed

Tha shares were priced at

The move, which is part of

the stock of Hong Koog- hehind the modest debut

China Eastern, Hong the US/international offering

territory.

equipment.

four years.

tional network.

Telecommunications monthly service rate. Commission for subsidies on domestic rates.

It bopes to receive approval for a 20 per cent

In addition, a portion of

Of the net proceeds,

new aircraft, spare parts and

Tha company, China's

most profitable airline, has

entered into agreements to

purchase nine McDonnell

Douglas .MD90s and five

Airbus A340s, which are to

within China and abroad.

The company plans to add

capacity to internal routes

and to expand its interna-

National with an increase in the fixed Analysts were divided rebalancing of tariffs over short-term prospects for

through a reduction in the group. "While results are in line or a little better than expectations, the good news at Asia Equity. is really to come through in rise both in national long 1997 because of ongoing

very large increases in domestic tariff rates, which will more than offset any decline in accounting rates. Mr Matthew Sutherland, head of research

1996

hase and the potential for

Concern, bowever, was expressed about the timing per share rose from 84.21 To offset the decline in distance charges and in the expansion of the customer of the introduction of the

Analysts cool on China Indosat surprises with

Eastern's HKSE debut double-digit growth By Manuela Saragosa

> Indosat, the Indonesian satellite telecommunications company, surprised investors vesterday by announc-Analysts eee limited Of the net proceeds, ing double-digit grupside for the stock in the US\$135m will be used to buy net income in 1996. ing double-digit growth in

Non-core husiness units started contributing to earnings earlier than had been Net income rose 14 per

cent on the previous year to Rp523.5bn (\$220m). Operating revenues increased from Rp1,040bn to Rp1,220bn.

In Jakarta

be delivered over the next That beats the 6.4 per cent The carrier, one of the top growth in net income that three in China, operates 114 Indosat achieved in the first routes, 91 of which are six months of last year, domestic, and makes more than 1,100 scheduled flights when it was suffering from a slow-down in the expansion of revenues from internaa week from 44 airports tional calls.

The company said that revenues from international calls rose 15.8 per cent last

rose 32.1 per cent.

executive, said that the comsubsidiaries had started to traffic levels. pay off earlier than had been expected.

brought Rp18.5bn to the bottom line.

Among the investments are Telkomsel, the mobile phone operator in which Indosat has a minority stake, and the company's jointventure project, Mitra Global

Telekomunikasi Indonesia. Mitra Global was one of several consortia awarded a government licence to install and operate phone lines in Indonesia.

Mr Tjabjono said: "Our 1996 result has shown our strong commitment to acbleving double-digit growth, despite the gloomy outlook

Revenues from its other given by most telecoms telecommunications services analysts." He dismissed concerns

Mr Tjahjono Soerjodibroto, about a global trend towards
Indosat president and chief lower international tariffs and its impact on the compapany's investments in its ny's international telephone

"Our new competitive international tariffs allow us investments to conceotrate on our efforts to increase traffic volume,"

Mr Tjahjono added that he believed Indosat's outlook in this regard to be "positive". Indosat's international telephone traffic in 1996 increased 17 per cent.

Company officials indicated that Indosat's loss of market share to Satelindo, a rival Indonesian international call service provide,r was declining.

As evidence, they pointed to higher outgoing telephone traffic growth of 20.2 per cent in 1996, compared with 13.2 per cent a year earlier.

activities to continue. Newcrest would not know the extent to which gold

re-established. It has already warned of a small loss in the

Jollibee bullish on 1997 sales Jollibee, the Philippines' largest fast-food chain, said

yesterday it expected to increase net profits in 1997 by 20 to 30 per cent from 603m pesos. Mr Raffy dela Rosa, senior vice-president, said he

expected strong sales growth to drive the rise in profits. He forecast group sales growing hy 30-40 per cent, with the Greenwich pizza stores doubling their contribution from 500m pesos to 1bn pesos (\$38m).

Jollibee's 1996 profits, announced last month, disappointed analysts. It reported a 12 per cent rise, short of its target of 20 per cent. The group is following an ambitious expansion programme to become a leading Asian fast food chain. It plans to open 30 to 50 new outlets

KDD takes step into cable

KDD. Japan's leading international telecommunication: carrier, is to take a 2 per cent equity stake in a cable television operator. This is the first step in its strategy to develop a nationwide network of customers in the run-up to Japan's telecommunications deregulation.

KDD is expected to invest up to Y60m (\$0.49m) in Cable Television Tokyo, when the cable operator raises its capital to Y3bn later this year. CTT serves 12,000 housebolds in the affluent Minato district in central

Analysis said the move heralded a series of medium-sized investments in local cable companies providing KDD with access to potential subscribers to allow it to compete in the domestic long-distance telephone market. At present, KDD is only permitted to offer international services.

However, the benefits of such a plan are limited because cable penetration in Japan is still low, analysts

Temple Court Mortgages (No. 1) PLC

H-shares, the name given to range - another factor

£175,000,000

Mortgage Backed Floating Rate Notes 2029

The rate of interest for the period 31 January 1997 to 30 April 1997 has been fixed at 6.572917 per cent per annum. Coupon No. 29 will therefore be psyable on 30 April 1997 at £160.27 per coupon. The First National

Bank of Chicago

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appears in the UK edition very Wednesday & Thursday further information please

PUBLIC SPEAKING

Ireland U.S.\$100,000,000 Private Placement Issue Floating Rate Notes 1997/2000 (Coupon No. 24)

Pursuant to Note conditions, notice is hereby given that for the interest period 6th February, 1997 to 6th August, 1997 (131 days), an interest rate of 5% per cent, per annum will apply. Amount per coupon (No. 24) - U.S. \$29.223.96

Payable oo the 6th August, 1997

London Branch

U.S. \$53,000,000 Banco Internacional, S.N.C. Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 6th February, 1997 to 6th August, 1997 the Rate of interest has been fixed at 6.375% p.a. and the interest Amount payable on the relevant interest Period Date 6th August, 1997 in recent of payable 1997 in paya 6th August, 1997 in respect of each U.S. \$100,000 nominal amount of the Notes will be U.S. \$3,205.21.

> Reference Agent Standard & Chartered

Standard Chartered Bank 6th February, 1997

UNITED MEXICAN STATES Floating Rate Notes due 2001 Notice is hereby given pursuant to the Indenture deted as of August 5, 1996 that, for the Actual Period from February 5, 1997 to but excluding May 5, 1997, the Presting Rate Notes will beer interest at the rate of 2,625%, one renum The Interest Edyadie on May 8, 1997 will be US\$19.85 per US\$1,000 principal

Deutsche Bank AG
New York Bronch
as Trustee

Post Property of the Control of the

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ING BANK

December 1996

Grey market for BG and Centrica

By Robert Corzina

A grey market is due to start on Monday in the shares of BG plc and Centrica, the two companies created by the demerger of British Gas on February 17.

The London Stock Exchange has approved the scheme, which was put forward by hrokers led by SG Warhurg. It will begin one day hefore the company holds an extraordinary general meeting to approve the

British Gas and Schroders. which is sponsoring Centrica's introduction to the London market, have reluctantly gone along with the grey market, although neither has formally endorsed it.

Industry analysts have published a wide range of valuations for the companies, whose demerger ia accompanied by an unusually large number of regulatory and competitive uncer-

Marketmakers had wanted

Prudential, the UK's leading

life insurer, opened a hid-

ding war for Scottish Amica-

hle yesterday, with a £1.9hn (\$3.07hn) offer which capped

that from Abbey National

Policyholders would get an

average of £363 in cash or

By Richard Wolffe

Midlands Correspondent

Triplex Lloyd yesterday

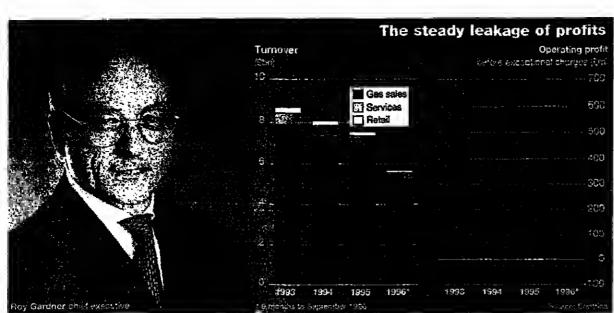
acknowledged defeat in its

bitter takeover battle to win

control of William Cook, the

steel castings group.

By Christopher Brown-Humes



a grey market to begin three weeks before the atart of official trading. A compromise put forward hy the exchange will limit its operation to

would have more than £100bn of funds under man-

Abbey said it would con-

sider improving its terms.

which value the mutual life

Observers said an auction

behind closed doors was now

likely. They sald National

Westminster Bank, Fortis of

the Netherlands, and AMP,

chief executive of William

Cook. The withdrawal marks

an end to the 12 week strug-

gle hetween the two castings

companies which has been

marred hy personal attacks

insurer at up to £1.4hn.

sharea, with a similar Australia's higgest life

amount added to their poli- insurer, were among the

Triplex was unable to by both sides and allegations

raise its offer to beat the of smear tactics, rival bid by the management Mr Colin Cooke, chairman

cles. The combined group most likely participants.

comed the grey market, which they hoped would give investors some "clarity" about the likely direction of shares. "It will help settle one week. things down and allow insti-Analysts yesterday wel- tutions to focus on the valu-ger. Valuations for BG plc,

"definitive offers" from some

of the "half dozen" compa-

nies which have approached

it hut refused to concede

that its days as an indepen-

dent company were over. It

postponed sending out

details of its own criticised

demutualisation proposals

The Pru would give Scot-

tish Amicable's 1.1m policy-

holders £800m in cash.

shares and honuses and

buy-out team led by Mr of Triplex Lloyd, said: "We Mr Cook launched his man-Andrew Cook, chairman and correctly identified that Wil-agement buy-out bid two

liam Cook was an underval-

ued company and would like

to have acquired it at a price

that we could bave justified

to our shareholders. In the

win support amoug share-

holders for a new offer since

event, this was not possible."

Triplex defeated in bitter battle for Cook

for at least two weeks.

Pru caps bid for Scottish Amicable

The wide range of valuations has prompted some concern over the potential volatility of the shares of the

Scottish Amicahle invited inject £1.1hn into Amicahle's bolders and Scottish Amica-

Half of the windfall which

policyholders receive would

be in cash or shares. They

immediately and at least

£250m more on maturity.

The honus funding comes

from a £400m distribution of

surplus assets from within

fund. Ahhey plans to distrib-

agement buy-out bid two

weeks ago. Mr Cook's recom-

mended cash offer of 425p a

share values William Cook

at £79.5m, compared to Tri-

plex'e cash and shares pack-

age worth £73.7m. Triplex

would lapse on Friday. Triplex's withdrawal rep-

Triplex had been trying to said its 394p a share offer

with-profits life fund.

ation issue," said one

the higger of tha two, stretches from about 117p to a high of 240p. The range for Centrica is 40p to 91p a share, with most valuations in the 40p-65p bracket. One analyst said he hoped

Analysts said the Pruden-

tial may have launched a

knock-out hlow, because of

support its offer. "It's diffi-

cult for anyone else to come

in," said Mr Roman Cizdyn.

insurance analyst with Mer-

rill Lynch. Prudential's

resents a personal victory for Mr Andrew Cook, who

was expected to lose control

of the company founded by

Under the terms of the

his great-great-grandfather.

buy-out, backed by Electra

Fleming, Mr Cook will have

a 14 per cent stake in the

new company, to be called Steel Castings Investments.

Rodamco

Imry talks

property investment fund.

has emerged as the sole

remaining hidder for lmry

Holdings, the development

company rescued by Bar-

The bank confirmed yes-

terday that negotiations

with other potential purchasers had ceased, leaving

Rodamco in pole position. It

is believed to be discussing

an offer worth up to £450m

Other potential bidders are

understood to have been pre-

pared to pay no more than

£400m-£420m for Imry, which owns the 500,000 sq ft Shires

shopping centre in Leicester

and a large retail develop-

Mr Elliott Bernerd, chair-

man of Chelsfield, the UK

property group, sald: "We

are not prepared to chase values heyond those with

which we are comfortable on

a long term basis. We were

front runners until late last

week, hut have rigorous

views about returns to our

shareholders, particularly

where development exposure

One concern was the cost

of developing the Southamp-

ton site, where lmry won

planning permission for a

A sale to Rodamco, bow-

ever, may still be some way off, with due diligence yet to

he completed and detailed

negotiations only just under

1.2m sq ft development.

is concerned."

meot site in Southampton.

the Dutch

left in

By Andrew Taylor

Rodamco,

clays in 1992.

(\$739m).

ble at least £275m.

would also get £150m in the way it was using the bonuses added to policies strength of its life fund to

Scottish Amicable's life shares rose 14p to 554.5p.

calm concerns about Centrica, British Gas's domestic trading, distribution, service a possible convergence of technical factors that could make it a particularly volatile share on February 17. British Gas's decision not

the grey market would help

to seek a US listing for Cen-trica means many US funds will be forced to sall the shares. Any US selloff could be exacerbated by the withdrawal of UK income funds because Centrica will not pay a dividend. In addition uncertainty that Centrica might not qualify for the FTSE 100 could cause tracker funds to sell at the same time.

all," said one executiva involved in the demerger.

and retail arm. He pointed to

healthy hook profit -

Trading volumes are also likely to be thin, and therefore any prices that emerge may not be an accurate benchmark for formal trading. "My concern is that the price from the grey market may not send any signal at

Safeway in talks

By Peggy Hollinger

£90m and £100m (\$162m).

Fitzwilton built np its stake in Wellworth between 1992 and 1994 at a cost of £122m. The supermarket group last year had sales of about £300m.

rumours of a deal and Safe-way's rose 11%p to 391p. All the main UK multiples have been attracted to the

ceasefire in August 1994. The supermarket sector in particular, estimated to be worth £1.6bn a year, ls viewed as underdeveloped in terms of product ranges and

Safeway is thought to have approached Wellworth over a possible deal when It became clear that J Sainshury and Tesco were having difficulty obtaining planning permission for sites in

Sainshury is facing planning inquiries on three sites and was forced by a High Court action to halt construction of a store at Coleraine following objections from local traders. Tesco has a small Metro store in Belfast City centre and is looking at two other sites.

Analysts said yesterday that a joint venture could be

It would give Safeway the chance to increase market share and would circumvent the difficulties encountered hy its larger rivals.

Wellworth would benefit from Safeway's hnying power in a market which is expected to become increasingly competitive.

Rodameo, part of Robeco. the Dutch fund management group, owns assets approaching \$5bn. About 60 per cent of its portfolio is in retail properties. cent of the market.

with Wellworth

and John Murray-Brown

Safeway is believed to be discussing a joint venture with Northern Ireland's second largest snpermarket chain that would allow it to leapfrog its larger rivals in the province, J Sainshury and Tesco.

Safeway is thought to be baving initial talks with Pitzwilton, the investment vehicle of Heinz chief, Mr Tony O'Reilly, which owns 97 per cent of the Wellworth supermarket group with 21 per cent of the Northern Irisb market,

Analysts estimate that a 50 per cent stake in Well-worth could cost between

Pitzwilton sbares yesterday jumped 10p to 57%p on

province since the IRA

technology.

Northern Ireland.

attractive to both parties.

Prices are substantially higher in Northern Ireland than in the rest of the UK and analysis estimate that a Safeway/Wellworth combination could hring them down by up to 5 per cent. This woold give Wellworth a significant advan-

tage on pricing over Stewarts, the rival domestic anpermarket group owned by Associated British Foods, which controls about 22 per

LEX COMMENT

One of the last of the ship-Rodamco wrecked property buccaneers of the 1980s looks set to be raised from its credi- CBS General index tors. Imry Properties 140 would join Stanhope, Greycoat and Randsworth Trust on the list of those that returned from the dead. And Barclays Bank. the current owner, will be relieved to be rid of it, having found Itself as sole banker to a collapsed leveraged buy-out. With negotiations running at around £450m for Imry, Barclays could even take a

198782 84 86 86 90 92 94 95

although it previously made £240m of provisions against

The identity of the likely huyer, Rodamco, will bring back happy memories. The Dutch property fund was the aggressor in the UK's last hig hostile property bid, for Hammerson - its 1989 offer still comfortably exceeds Hammerson'a market value. Furthermore, it is the first overseas investor to take on a substantial development project since Imry's headier days. This suggests considerable confidence in the property market recovery. After all, Imry's 800,000 sq ft retail development in Southampton will require £200m of additional capital.

It is this project which is the key to making a profit from Imry. And with shopping centre rents finally rebounding, demand for the few development sites with planning permission is high. Nonetheless, this is a problematic site and valuations look demanding. With so many reminders of the 1980s. it is no wonder Chelsfield's shares rose on news that it was out of the hidding.

NEWS DIGEST

I&S 'surprise' at Fleming

Ivory & Sime, the Edinburgh-based fund manager, said yesterday it was surprised at suggestions that Fleming Investment Trust Management was looking at the possibility of taking over its funds under management Mr Daniel Godfrey, marketing director of Fleming, said

Fleming is always interested in acquiring new management contracts". He added that over the past two years Fleming had "acquired the management contracts of two trusts".

He said Fleming had "no plans with regard to I&S," but one executive said that "slide rules are also being run over L&S in case a hid gets on to the agenda". James Buxton in Edinburgh and William Lewis in London

Jacobs takes Ropner

Ropner, the shipping, property and engineering group, yesterday succumbed to a revised £33.8m (\$54.8m) bid from rival Jacobs Holdings, signalling the demise of one of the few survivors of Britain's once important merchant shipping sector. Nearly three months after Jacobs mooted an all-share offer valuing the target at £27m, it raised its offer and introduced a casb element. Ropner's board, which includes three of the founder's great-grandsons, recommended the revised bid.

The offer is three new Jacobs shares and 302.75p cash for four Ropner shares. At yesterday's closing price of 91%p, up %p, it values each Ropner share at 144p. Ropner's shares closed up 12p at 142p.

Jacobs is also offering a partial cash alternative, allowing shareholders to take half their share entitlement in cash. UBS is underwriting the cash alternative at 84p e

At yesterday's closing price, the cash alternative also valued each Ropner share at 142p. A total of £22m cash will be available to Ropner shareholders. Motoko Rich in London and Chris Tighe in Newcastle

Scott Pickford meeting

The board of Scott Pickford, the UK oil consultancy at the centre of a tussle between US and Australian rivals, will meet on Friday to consider which of the two offers to recommend. Mr Don Scott, chairman, said he was also seeking clarification about an extraordinary meeting which was requested on January 30 hy Mr Anthony Phipps who holds 24 per cent of Scott's stock.

Mr Phipps has alleged that Scott Pickford disregarded shareholders' interests by going ahead with a share axchange with Aerodata Holdings, the Australian oil services group, at a time when Core Laboratories, the US oil consultancy, had made a higher bid. Core yesterday said its 59p per share cash offer, which values Scott at £7.46m, was conditional upon a

recommendation by this Friday. It is also conditional upon acceptances from 90 per cent of Scott's shareholders

Michael Lindemann

LucasVarity disposal

LucasVarity, the Anglo-US engineering group, yesterday announced the first disposal as part of its £250m (\$405m) restructuring. The company – which last December said it would be selling 13 non-core subsidiaries - has sold its 50 per cent holding in Lucas Yuasa, its automotive battery husiness, to its joint venture partner Yuasa Corporation of Japan. Lucas Varity did not disclose the

Citibank recruits Newman

First Direct, the Midland Bank subsidiary which pioneered telephone banking in the UK, is to lose its chief executive to the US. Mr Kevin Newman, chief executive of First Direct since 1991, is to move to Citibank in New York to develop the banking stoked to be banking to be banking. York to develop the hank's global telephone banking operation. Midland, itself a aubsidiary of HSBC Holdings said yesterday Mr Newman's departure was amicable. Mr Graham Picken, First Direct's chairman, will take on a broader executive role. Mr Andrew Armishaw, the 35 year old director of information technology – a role Mr Newman once held - will step up to the position of chief operating officer. George Graham

RESULTS

1.		Turner	ror (Em)		+tax N (Em)	Đ	S (p)	Current क्रमणसम्बद्धाः	Date of payment	Corresponding Corresponding dividend	Total for year	. Total last year
	Setuciona	24.9 585.8 164.7 96.7 81.2 2.81	(6.92) (464) (87] (90.4) (57.3) (1.36)	1.26 133.7 9.27 4.37 5.01♥ 0.265	(0.257) (106.3) (9.25) (3.344) (4.62) (0.131)	1.62 7.1 18.3† 2.62 8.7† 0.691†	(0.36) (5.6) (22.4) (2) (6.78)	0.2 2.75 7.25 0.65 2.25 0.0228	Apr 7 Apr 4 Apr 18 Apr 11 Apr 15 Mar 6	2.5 7.25 0.58 2.25	11 0.95 3.55	5.5 11 0.85 3.38
1	nvestment Trusts	KA	(p)		botzbie gs (Em)	97	S (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for	Total lest
	Angerstein U'writ 6 milits to Nov 30 Feoman Yr to Dec 31		(101.4#) (296.5◆)	1.94 3.83	(1.65) (3.9)	1,64 15.55	(1.39) (15.85)	1.2 2.5	Mar 5 Apr 4	1.1 2.5	15.1	28

Earnings shown basic, Dividends shown net. Figures in brackets are for corresp

SPOT THE REFUGEE There he is. Fourth row, second from

the left. The one with the moustache. Obvious really. Maybe not. The unsavoury-looking character you're looking at is more likely to be your average oeighbourhood slob with a gruhby vest and a

weekend's stubble on his chin. And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you

and me. Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand. We know you can't give them back the things that others have taken away.



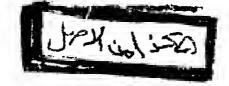
We're not even asking for money (though every cent certainly helps).

But we are asking that you keep an open mind. And a smile of welcome. It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitar organization funded only by volunt contributions. Currently it is responfor more than 19 million refugees around the world. **UNHCR Public Information**

P.O. Box 2500 1211 Geneva 2, Switzerland

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FINANCIAL TIMES THURSDAY FEBRUARY 6 190

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S'surprise'
Fleming

Takes Ropner

Fickford meeting

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Italy rallies on strong domestic buying

GOVERNMENT BONDS By Edward Luce in London and Lisa Bransten

Italian bonds recovered some of the ground lost earlier in the week on reports that European Union mone- ment." tary officials were drawing up plans to guarantee Italy e place in the second wave of Emu_after 2000.

Economists were divided on the reasons behind the BTP rally, with some attriboting it to market resounding support at the rally. relief after a period of growprospects of being a founding member of Emu.

Mr Luca Jellinek, bond BTPs could take a dive."

London, said: "Italian bonds lution of Italy's long-running Spanish bonos also recov- dropped % to close at 1124. entrance to Emu, so the

Mr David Brown, chief summit between Mr Romano ing uncertainty on Italy's Prodi [prime minister of BTPs closed 0.83 higher at

reports on its delayed but the lowest since 1969 - had taken as a positive develop- ther interest rate cuts by the central bank.

The recovery of the lira on economist at Bear Stearns in the foreign exchange mar-London, said: "The market's kets, where it had dropped reaction was a little bit sur- to L990 against the D-Mark prising. Italy is not off the in the morning but rose to hook at all. If Germany fails L985 in the late afternoon, to give Italy less than directly tracked the BTP

March futures on 10-year Italy] and Chancellor Hel- 130.55 on Liffe, while in the mut Kohl on Friday, then cash market the yield spread of BTPs over German bunds Traders said that the reso-tightened to 155 basis points.

made good gains on the back metal-workers' wages dis- ered, in spite of yesterday's of strong domestic buying. pute on Tuesday, and the report by a government min-1999 was never a realistic slowing in the annual rate of ister that Spain's public debt points to 174 basis points. target date for Italy's growth of Italy's consumer had risen by 4 percentage price index to 2.6 per cent - points in 1996 to 69.3 per cent of GDP. Spanish 10-year guaranteed entry could be fuelled expectations of fur- bono futures rose by 0.23 to close at 113.39 in Barcelona. In the cash market, bonos' 10-year yield spread over

> 109 basis points. Overnight profit-taking by Japanese investors after the appreciation of sterling helped push UK gilts lower after a one-week rally. Traders said Italian investors heavily offloaded gilt futures to realise their recent capital gains and take advantage of near their pre-announcecheaper Italian bonds. Liffe's

March long gilt future

Yield spreads over 10-year bunds widened by six basis per cent and the two year

German bund futures rose by 0.36 to settle at 102.15 on Liffe yesterday on expectations of a strong rise in Jan-monetary policy, although uary unemployment figures today.

US Treasuries were moderbunds widened slightly to ately lower in mid-afternoon year. treding as the Federal Reserve left interest rates unchanged. Bonds bounced briefly off their session lows just after 2pm, as the Fed announced that its Open Market Committee had not changed interest rates, and \$21.75bn next week through them began to settle back the sale of \$17.75bn in threechanged interest rates, and

ment lows. Near 2.30pm, the bench-

% lower at 9621 to yield 6.731 note was down 並 to 99點, yielding 5.874 per cent.

Few on Wall Street expected the FOMC to change several economists expect an interest rate increase sometime in the first half of this

Of more immediete concern to the market was the new supply to be sold next week as part of the Treasury's quarterly refunding operations. The Treasury said it planned to raise about year notes, \$12bn in 10-year notes and \$10bn in 30-year

Views differ on reform of derivatives

tinction between retail and said that the CFTC has no traders of government secu- counter transactions in forrities and foreign exchange eign exchange and governinstruments.

The legislation, subject to Futures Trading Commission, their chief regulator. Since nearly 80 per cent of

the business et the Chicago Board of Trade and the Chicago Mercantile Exchange trading, it is conceivable that if the bill passes Congress, the CFTC will be left overseeing just a handful of

bipartisan group of senators, including Mr Richard Lugar, e Republican and chairman of the committee which perithe derivatives industry and a shocked response from the

CFTC. "While we are still reviewing the proposed legislation, I am concerned that it could result in profound dereguletion of the country's futures and options markets," said Ms Brooksley tile Exchange, said this was Born, chairwoman of the CFTC. "Important protections for the public, market participants, and the stability of the financial markets

could be eliminated," The controversial portions of the bill apply to the

The reform of the rules so-called Treasury Amendgoverning US derivament, an add-on to the Comtives regulation modity Exchange Act of makes an important new dis- 1974. The amendment has "professional" or wholesale power to supervise over-thement securities.

The new legislation would bearings by the Senate Agri- add OTC equity derivatives culture Committee next transactions to that list, week, opens the door for US something derivatives dealderivatives exchanges to ers and their trade group, offer separate markets in the international Swaps and these products free of over- Derivativee Association, sight by the Commodity have lobbied for for years. The fact that the bill would allow futures exchanges unfettered eccess to the OTC trade does not frighten the dealing community.

"Foreign exchange particiresults from professional pants include many different types of entities that are regulated in different ways. These markets are remarkably liquid and efficient. retail contracts listed on US
exchanges.
The bill, introduced by e Brickell, a member of ISDA's board and a managing director et J.P. Morgan.

ISDA said it was conodically reviews the CFTC's cerned the bill gives the powers, elicited praise from CFTC the right to regulate off-exchange forex trades with retail investors as counterparties. The bill does not offer a definition of retail investors, and so creetes some additional legal uncertainty, it said.

Mr Jack Sandner, chairman of the Chicago Mercanthe first time he could remember over the past 17 years "that we have potential legislation that will nurture our industry" rather than impede its growth.

Laurie Morse

UK Indices

DUNCE CROSS RATES

27.

MOKEY RATES

French offering gives investors Ecu option

INTERNATIONAL BONDS

The eurobond market

yesterday sew the third issue of bonds taking into account the growing momentum towards e single European currency.

The transaction - from Caisse Centrale du Crédit Immobilier de France (3CIF) was tagged a "catamaran bond" because it consists of two parallel floating-rate

The bonds are denominated in Ecus and French francs. They have identical structures and pay the same margin, 64 basis points, over benchmark interest rates the London interbank rate on the Ecu tranche and the Paris interbank rate on the French franc offer.

investors in the bonds the franc-denominated paper

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

for its Ecu equivalent after ing in Ecus, rounded to the January 1999, when the sin-nearest Ecu," CCF said. gle European currency is

expected to be initiated. two options," 3CIF said . "An new bonds were very well option on the single currency, and another on liquid-

Liquidity is expected to manager. increase as a result of the exchange, which raises the outstanding amount of the Ecu-denominated issue.

Crédit Commerciel de money market funds. It also highlighted the sim-

French franc bonds come in year". denominations of FFr1m, needed when the bonds are converted.

"The investor gets the equivalent of his franc hold-

5.53 6.05 7.58 7.70

Elsewhere, Brazil doubled the size of its DM500m issue "We are offering investors launched on Tuesday. "The

received, just like the initial

iseue." sald Credit Suisse First Boston, the lead Other deals launched vesterday included e maiden issoe in Australian dollars

by the Province of Alberta. ABN Amro, lead manager France, the lead manager, for the issue, said the debut said the deal had met strong transaction had benefited demand, notebly from from the "rerity value attached to the borrower, which comes to the market plicity of the structure. The only e couple of times every

The Dutch guilder sector

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

while the Ecu paper comes saw e Fl 1bn issue by BNG. in lots of Ecul. As e result, "It was extremely well no cash compensation is received," said ABN Amro, the lead manager, adding that demand in the sector was strong because of the absence of supply.

Sorrower	Amount	Coupon	Price	Makety	Foor	Spread	Book-numer
A US DOLLARS	ور ج	- E	27	471	9.253		MERINA TO
Foreningsbenken‡ Mitsui Construction Cot*	150 100	(a) (b)	99.855R 100.00	Feb 2002 Feb 2001	0.175R 0.30	:	Chase/Lehman Brothers Sakura Finance Inti
D-MARKS	475						
Federative Rep of Brazilic) European Inv Benkid.s)	500 100	3.00 4.50	99,90R 101,205	Feb 2007 Dec 2001	1.00R 1.375	+230(8%-07)	CSFB/SBC Warburg
YEN		Y			11:42:5		2. 3
Export Fin & Ins Corp(e)*	14 5 n	5.421	98.50R	Feb 2000	0.20R	<u> </u>	LTCB International
SCIF(f); E SWISS FRANCS	3bn	(f1)	99.763R	Dec 2001	0.15R	;-	CCF
Guinness Mercik, Germany(g) RATP	125 100 100	3.00 3.50 3.00	101.85 103.15 102.55	Mar 2002 Nov 2002 Mar 2002	2.00 2.25 2.00	`` : ·	CSFB UBS ABN Amro Hoere Gove
ITALIAN LIRE			7	2 7 (1)	20 190		
World Bankin) CANADIAN DOLLARS	100bn	(h1)	101.20	Mar 2007	2.00		Citibent/Credito
Province of New Brunswick SMAC Canada(s)	200 100	3.75 8.25	99.88R 100.206R	Feb 2007 Dec 2002	0.325R 0.30R		RBC Dominion Securities Perioes Capital Markets
E GUILDERS							
SNG	1bn	5.75	99.75R	Feb 2007	0.325R	+15.3(5%-07)	ABN Armo Hoare Gove
, AUSTRALIAN DOLLARS							
Province of Alberta	100	7.00	101.984	Mar 2002	2.00		ABN Armo Hoere Gove
CIF±	300	0	99.835R	Dec 2001	0.15R		CCF

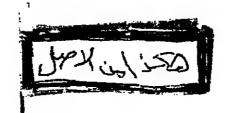
Final terms, non-callable unless stated, Yield spread (over relevant government bond) at launch supplied by lead manager. #Unifisted. #Floating-rate nota. #Semi-annual coupon, R: Fixed re-offer price; fees shown at re-offer level. a) 3-mth Libor +6%bp. b) 6-mth Libor +20bp. c) DM500m launched on Tuesday was increased to DM1bn. d) DM300m launched 15/1/29 was increased to DM400m. c) Redeemed in AS. f) Exchangeable into Equ bonds from 1/1/29. ft) 3-mth Pibor +½ %, g) Fungible with SF-300m. Plus 112 days scorued. h) L500bn was increased to L600bn. Callable on 27/3/00 at par. h1) 9.5% to Fungible with SF-300m. Plus 112 days secrued. h) LSOObn was increased to L600bn. Caliable on 27/3/00 at pa 27/3/00, then 191/% - 2 x 6-mth Libor, i) Over interpolated yield. j) 3-mth Libor + 1/2, s) Short 1st coupon.

government, which hes for the year, will not be issu- forthcoming issue by Crédit as \$1bn.

Analysts believe tha Dutch ing bonds in the near future. Local de France. The total covernment, which hes ln the dollar sector, size of the deal, which is due already fulfilled 90 per cent Nomura announced it would to be launched in coming of its financing requirements act as lead manager for a weeks, could be as high

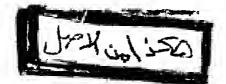
FTSE Actuaries Govt. Securities

BENCHMARK GOVERNMENT BONDS	BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%	FTSE Actuaries Govt. Securities UK Indices
Red Day's Week Month Coupon Date Price change Yield ago ago	Strike CALLS Price Mar Apr May Jun Mar Apr May Jun	Price Indices Wed Day's Tue Accrued xd adj. — Low compon yield — Medium compon yield — High compon yield — UK Gitts Feb 5 change % Feb 4 Interest ytd Feb 5 Feb 4 Yr, ago
Australia 8,750 11/06 96,5275 +0.470 7.25 7.48 7.44 Austria 5,625 01/07 99,4400 +0.270 5,70 5,84 5,86	10200 0.58 0.48 0.74 0.91 0.49 1.21 1.47 1.84 10250 0.32 0.32 0.55 0.71 0.67 1.55 1.78 1.84	1 Up to 5 years (20) 121.56 -0.05 121.82 2.65 1.15 5 yrs 6.08 6.93 7.00 7.02 6.98 7.03 7.07 7.04 7.10
Belgium 7,000 05/06 109,5300 +0,320 5,65 5,77 5.90	10300 0.17 0.20 0.40 0.54 1.02 1.83 2.13 2.27	2 5-15 years (21) 151.83 -0.11 152.01 2.56 1.08 15 yrs 7.44 7.42 7.84 7.43 7.41 7.88 7.27 7.29 7.98 3 Over 15 years (6) 173.39 -0.10 173.71 4.29 1.00 20 yrs 7.52 7.50 7.95 7.50 7.48 7.97 7.27 7.30 6.06
Carada 7 7.000 12/06 104.2000 +0.530 6,41 6,66 6,40 Denmerk 8.000 03/06 111.0000 +0.560 6,37 6,51 6,57	Est, vol. total, Culta 25970 Puts 18483, Previous day's open Int., Calls 190911 Puts 210580	4 irredeemables (5) 199,39 -0.08 199,55 2.64 1.00 irred.† 7.59 7.56 6.06
France 8TAN 5,500 10/01 104,1270 - 4,48 4,51 4,65 OAT 6,500 10/06 107,1200 +0,280 5,54 5,84 5,78	Italy	Inflation 5% Inflation 10%
Germany Bund 8.000 01/07 102,3500 +0.310 5.66 5.82 5.79	NOTIONAL ITALIAN GOVT. BOND (STP) FUTURES (UFFE)* Lira 200m 100ths of 100%	Index-linked Feb 5 Feb 4 Yr, ago Feb 5 Feb 4 Yr, ago
Reland 8.000 03/06 109.9300 +0.520 6.56 6.65 6.71 taly 7.750 11/06 104.4700 +0.330 7.101 7.20 7.47	Open Sett price Change High Low Est, vol Open Int.	6 Up to 5 years (2) 205,91 0.02 205,87 2.08 0.00 Up to 5 yrs 3.08 3.08 2.57 2,40 2.39 1.36 7 Over 5 years (10) 197,33 0.03 197,27 1.32 1.09 Over 5 yrs 3.50 3.50 3.63 3.30 3.30 3.44
Japan No 143 6.300 09/01 121,3118 -0,160 1,39 1,39 1,40 No 182 3.000 09/05 104,3969 +0.040 2,39 2,41 2,42	Mar 129.42 130.55 +0.63 130.78 129.40 85861 106487	8 All stocks (12) 197.17 0.03 197.11 1.39 0.97
Netherlands 5.750 01/07 101,0200 +0.340 5.49 5.62 5.74 Portugal 9,500 02/06 116,6400 +0.340 6.89 6.70 6.96	Jun 129.62 130.03 +0.85 130.00 129.60 1689 10486 III ITALIAN GOYT, BOND (RTP) FUTURES OPTIONS (LIFTE) Linz200m 100ths of 100%	Average gross redemption yields are shown above. Coupon Bande: Love 0%-7%%; Madium; 8%-10%%; Hight: 11% and over, † Flat yield, ytd Year to class.
Spain 8.800 04/06 113,6500 +0.230 6,74 8,74 7,00	Strike CALLS PUTS	FT Fixed Interest Indices Gilt Edged Activity Indices
Sweden 8,000 08/07 108,5960 +0,850 6,82 6,87 6,79 UK Gilts 8,000 12/00 103-22 -4/32 6,89 7.05 7.18	Price Mar Jun Mar Jun	Feb 5 Feb 4 Feb 3 Jan 31 Jan 30 Yr ago High Low Feb 4 Feb 3 Jen 31 Jen 30 Jen 29
7.500 12/06 101-16 -13/32 7.28 7.54 7.52 9.000 10/08 112-22 -9/32 7.36 7.62 7.59	13050 0.85 1.99 0.80 2.46 13100 0.62 1.75 1.07 2.72	Govt. Secs. (UK) 95.50 95.71 85.05 84.61 94.37 84.84 96.34 91.59 Gills Edged bargains 96.5 74.4 77.0 82.1 77.7
US Treesury ' 6.500 10/06 100-09 - 6.46 6.63 6.35 6.500 11/26 97-00 +3/32 6.73 6.93 6.59	13150 0.41 1.50 1.36 2.97 Est, vol, total, Cets; 15297 Puts 10556. Previous duy's open int., Cells; 148948 Puts 144832	Fixed Intercest 117.98 117.94 117.67 117.18 117.14 112.88 117.94 110.74 5-day average 81.5 84.5 84.9 85.8 96.5 © FTSE International Utd 1937, All rights reserved. * for 1998/97. Government Securities high place compliation: 127.40 (09/01/35), low 48.18 (03/01/75), Fixed Interest
ECU (French Govf) 7.000 04/06 107.5100 +0.220 5.91 5.98 6.11	ESG VOI, USBI, CARS 13297 PILES 10000. PTEMOUS CAY'S OPEN REL. CARS 140048 PILES 144032	high since compliation: 133.67 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1828. SE activity indices rehiesed 1974.
Landon closing, "New York mid-day Yiekis: Local merket stendard. † Gross (including withholding tax at 42.5 per cent payable by nonrealdents)	Spain	
Prices: US, UK in 32nds, others in decimal Source: MMS International	Open Sett price Change High Low Est. vol. Open Int.	
US INTEREST_RATES_	Open Sett price Change High Low Est. vol. Open Int. Mar 113.00 113.39 +0.23 113.72 112.90 123,126 67,547	FT/ISMA INTERNATIONAL BOND SERVICE
Latest Treasury Bills and Bond Yields	Jun - 113.32 +0.02 1 348	
One sports Two year 5.87 Bridge loan role 7 Three south 5.13 Three year 5.98 Ped. Lands 5 ¹ / ₂ 5b. south 5.28 10-year 6.41 Ped. Lands at Intervention 0e year 5.52 10-year 6.41 Section of the control of the cont	UK NOTIONAL UK GILT FUTURES (LIFFE)* E50,000 32nds of 100%	Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on February 5 Issued Bid Offer Chg Yield
Bricker level role	Open Sett price Change High Low Est. vol Open int.	U.S. DOLLAR STRAIGHTS Spain 74 034000 1107g 1107g 44 5.12 Abbry Ned Treasury 8 03 E 1000 1027g 1027g 41g 7.47
Feddunds at Intervention - Que year 5.52 30-year 6.69	Mar 112-17 112-02 -0-08 112-23 111-31 109806 185942	Abbey Nett Treasury 6 ¹ 2 03 1000 99 ¹ 3, 98 ² 3, + ¹ 4 6.54 Volkswagen Intl Fin 7 05 1000 106 108 ² 3 - ¹ 4 5.46 British Land 8 ² 5 23 2 150 101 ¹ 3 101 ¹ 3 8.96 ABN Antro Bank 7 ¹ 4 05 1000 101 ² 3 102 ¹ 4 + ¹ 4 7.07 World Bank 5 ² 4 00 3000 104 ² 4 + ¹ 4 5.05 Denmark 6 ¹ 4 98 2 800 100 100 ¹ 5 6.71
	Jun 111-26 111-16 -0-08 111-26 111-17 342 919 LONG GILT FUTURES OPTIONS (LIFFE) \$50,000 64ths of 100%	Aincan Dev Bix 7 ³ g 23 500 101 101 ³ g + ¹ g 729 World Bank 6 ³ g 02 500 106 ³ g + ¹ g 4.83 Depta Finance 7 ¹ g 03 £ 500 97 ⁷ g 98 ³ g - ¹ g 7.53
	Strike CALLS	Asian Dev Benk 61s, 05 750 9712 971s +1s 6.74 Finland 7 00 £ 500 1001s 1001s 6.91
BOND FUTURES AND OPTIONS	Price Mar Apr May Jun Mar Apr May Jun 112 0-52 1-03 1-32 1-51 0-48 1-31 1-60 2-15	Austria 8 ¹ 2 00
	113 0-27 0-42 1-05 1-24 1-23 2-06 2-33 2-52	Bancomeet 7 ¹ 4, 04 1000 90 ⁵ g 91 ¹ g -1 ¹ g 9.30 Austria 4 ¹ 2 00 1000 108 ¹ g 106 ¹ 2 2.33 baily 10 ¹ 2 14 £ 400 123 ¹ g 124 - ¹ g 7.92
	114 0-12 0-25 0-48 1-03 2-08 2-53 3-12 3-31 Est. vol. total, Calt: 33496 Put: 4692, Provious day's open int., Calts 57970 Puts 32600	Bayer Vereinsbis 81 ₆ 00 500 1041 ₄ 105 8.32 Denmark 41 ₄ 29 1000 1051 ₄ 1051 ₄ 2.23 Land Secs 91 ₂ 07 £ 200 1101 ₂ 1101 ₄ -1 7.95
France NOTIONAL FRENCH BOND FUTURES (MATT) FF/500,000	Ecu	8-igium 5 ¹ 2 03 1000 94 ³ 4 94 ⁷ 6 6.48 EB 3 ³ 4 99 1000 103 ³ 4 103 ⁷ 8 2.06 Ontario 11 ¹ 4 01 £ 100 112 ⁵ 8 112 ⁷ 8 7.38 British Columbia 7 ¹ 4 02 500 105 ¹ 4 105 ¹ 2 + 4 6.55 EB 6 ¹ 4 04 300 115 ⁷ 8 4.28 Powergon 8 ⁷ 8 05 £ 250 105 ¹ 4 106 ¹ 2 7.76
Open Sett price Change High Low Est, vol. Open Int.	ECU BONO FUTURES (MATIF) ECU100,000	British Gas 0.21 1500 16 ¹ / ₄ 18 ¹ / ₂ 7.62 Finland 7 ¹ / ₄ 99 300 112 ¹ / ₄ 12 ¹ / ₄ 1250 Sowern Tegra 11 ¹ / ₂ 99 £ 150 100 ¹ / ₈ 100 ¹ / ₈ 1, 7.23 Canada 6 ¹ / ₈ 05 1500 98 98 ¹ / ₄ 1 ¹ / ₈ 6.80 lookand 7 ² / ₈ 00 100 115 ¹ / ₈ 116 1 2 291 Tokyo Elec Power 11 01 £ 150 112 ¹ / ₈ 113 ¹ / ₈ 113 ¹ / ₈ 1, 7.43
Mar 130.80 131.00 +0.34 131.08 130.74 109,673 137,182	Open Sett price Change High Low Est. vol. Open int.	Cheung Kong Fin 512 98 500 9814 9814 14 6.63 Inter Amer Dev 414 03 800 10774 106 3.41 TCNZ Fin 814 02 MZS 75 1061 1073. 768
Jun 129.46 129.74 +0.38 129.78 129.46 948 14,657 Sep 127.78 128.08 +0.40 127.90 127.78 202 775	Mar 97.04 97.14 +0.26 97.16 96.96 10 6,325	Credit Fonciar 912 89 300 10814 10812 6.22 Quebec Hydro 5 06 100 105 105 4.65 Credit Local 8 01 FF7 8000 10614 10614 4.68
LONG TERM FRENCH BOND OPTIONS (MATIF)		Dermank 5 ¹ / ₂ 99
Strike ———— CALLS ————— PUTS ———— Price Mar Apr Jun Mer Apr Jun	US	EBS 6 04 500 97 ¹ 2 97 ² 3 4 ¹ 4 6.45 World Bank 0.21 700 30 30 ¹ 2 4 4.97 Elec de France 9 98 200 103 ¹ 3 103 ¹ 4 5.98 World Bank 7 01 600 115 ² 3 116 ¹ 5 4 ¹ 2 2.83 FLOATENG RATE NOTES
127 4.00 - 3.24 0.01 0.15 0.53	US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100% Open Latest Change High Low Est. vol. Open int.	Ex-lm Bank Japan 8 02 500 10612 10619 41 650
128 3.03 2.03 2.49 0.04 0.30 0.77 128 2.09 1.31 1.83 0.08 0.57 1.10	Mar 112-09 112-19 +0-12 112-19 112-08 255,516 483,610	Econ Capital 0 01 1800 6114 615 44 653 Belgium 5 99 76000 11114 11112 1.00 Abbey Neil Tressury 1, 99 1000 99.85 100.00 5.4375
130 1.24 0.76 1.27 0.24 1.01 1.53 131 0.58 0.35 0.84 0.56	Jun 111-24 112-03 +0-12 112-03 111-24 3,850 36,368 Sep 111-20 111-12 +0-03 111-20 111-11 89 7,526	Fed Home Loan 7½ 99 1500 102½ 102½ 6.16 Creat Foncer 4½ 02 75000 114 114½ 4½ 2.04 Angentaria Global Fin 0 01 700 99.67 98.77 5.5000 Federal Nati Mont 7.40 04 1500 101½ 107½ 4½ 6.69 88 6½ 00 100000 117 117½ 1.04 8antenmenta ½ 99 750 99.98 100.07 5.5602
Est. vol. total, Calls 20,865 Puts 9,771 . Provious day's open int., Calls 139,905 Puts 154,270.	THE THE PERSON NAMED TO PARTY OF PARTY	Ford Motor Credit 64, 99
	Japan	96 Firance 54 98 650 98½ 98¾ 6.12 Inter Amer Dev 7¾ 00 30000 119½ 118¾ ¼ 1.15 Commercial ORS Fin ¼ 98 750 98.84 99.91 5.3720
Germany NOTIONAL DERMAN BUND FUTURES (LIFFE' DM250,000 100ths of 100%	NOTIONAL LONG TERM JAPANESE GOVT. BONO FUTURES (LIFFE) Y100m 100ths of 100%	Inter-Armir Day 7 12 05 500 1043g 1043g 43g 6.78 8xty 5 04 2000000 118 11844 2.45 Dreadner France & 98 DM _ 1000 100.00 100.00 3.1875
Open Sett price Change High Low Est. vol Open Int.	Open Close Change High Low Est vol Open Int.	hti Finance 54, 99 500 984; 99 5.95 Jopan Dev Bit 5 99 1000000 1 1 0 0 0 0 0 0 0 0 0 0 0 0
Mar 101.96 102.15 +0.36 102.31 101.92 188401 230902	Mar 126.29 126.37 126.25 2051 na Jun 124.87 124.93 124.81 602 na	http: 67g 22
Jun 101.27 101.27 +0.36 101.42 101.25 1246 11121	* LIFFE lutures also traced on APT. All Open interest figs. are for previous day.	Korea Elec Power 8 1 03 1360 97 97 4 7.00 World Bank 5 4 02
UK GILTS PRICES		Ontario 7 ¹ , 00 3000 103 ³ , 101 6.71 OTHER STRAIGHTS USB Baden-West Fin 1, 99 . 1000 98.92 99.98 5.6375
		Onterro 74, 02
Yield	telyS2 weekYebS2 week	Ponugal 5 ¹ ₄ 03 1000 95 ² ₄ 96 ¹ ₂ 66 ² ₃ 66 ² ₄ 6.63 Austria 9 ¹ ₂ 98 F 1000 105 ² ₄ 105 ² ₅ 278 Now Scotia ² ₄ 99 500 99.99 100.07 5.6875 Custos: Hydro 9 ¹ ₄ 98 150 105 ¹ ₄ 105 ¹ ₅ 6.26 PTT Neclestand 6 ¹ ₂ 05 R 1300 105 ¹ ₅ 105 ¹ ₄ 1 ¹ ₂ 5.76 Orizon 0.99 2000 100.15 100.22 5.5000
Shorte" (Lives us to Five Years) Trees 71-or; 2006tt 7:39	Red Price £ + or - High Low Motase (11 (2) Price £ + or - High Low 7.28 10115 -∆ 1017 94/2 Implicational (9)	Quebec Prov 8 98 200 103 1031 623 Bell Common 107s 99 CS 100 1121s 1131s 4.93 Portugal 6 99 DM 2500 100.29 100.26 8.1675
Best 10 ³ -200 1997 10.48 6.18 100 A - 107.2 100 Treas 73-pe 2006## 7.51	7.29 1035 -2 1074 965 4 00 98# 4135.6 - 157 1142 -4 1142 1115	SNCF 912 98 150 10412 10414 1 8.13 Corrects May & Hag 814 99 C\$ 1000 10914 10926 4.77 Femile 0.98 500 98.74 100.00 5.4875
Turst Aline 199711 8.83 6.17 1013 70792 1013 1000 apc 2002-077 776	721 1035 -56 104 372 21 ₂₀₀ 103	Sweden 6/2 00 2000 100/2 100/2 6.53 Birc de France 9/4 98 CS 275 111/2 112 112 114 4.85 State Bit Victoria 0.05 99 125 100.08 100.12 5.72/9
Each 9 kpc 1988 9.46 6.34 103/2 106/3 100/2 Tizas 8 ¹ 20c 2007 # 7.82	7 14 122 And - 124, 1154, 4 157 1041 (35.5) 2.5 123 119, 119, 1123 1733 1730 1731 1731 1731 1731 1731 173	Tennessee Valley 6 00 1000 993; 991; 6.28 KW hri Fin 10 01 C\$ 400 1151, 1161; 13 5.58 Sweden -1 01 2000 90.09 100.08 5.5750 Tennessee Valley 63 05 2000 984; 981; 4, 6.76 Micros Tel 101, 99 C\$ 200 113 1131, 407 United Kingdom -1 01 300 99.85 99.90 5.3125
Treats 151-201 198# 13.63 6.60 113() +1 122() 113() Treats 9pc 2008 # 7.98	7.30 9912 -1 100 9712 24pc 13	Totayo Bloc Powier 8 ¹ 0 03 1000 98 ¹ 2 98 ¹ 1 - ¹ 0 6.41 Online's 8 00 CS
THE STORT THEFT NUMBER OF THE THEFT STORY STORY	7.49 1044; -3 1054 964 2400 78	United Kingdom 84 07 2000 1014 1017 827 Oster Kontrollbank 104 99 CS _ 150 1124 1124 4.81 Cone.
Buch 12 kpc 1999 11.05 8.73 11033 1163, 1103 Coor Spc to 2011 ## 7.93	100 US 011 01 mass mm 3 ac 300 mails 1 and 1 and 1	United Kingdom 7 ¹ 4 02 3000 104 ¹ 4 104 ¹ 5 5.35 Quebec Hydro 7 01 C\$ 1000 100 100 100 103 4.3 6.58 leaund Price Bid Other Prem. Wat Dienry 6 ¹ 5 01 110 110 110 110 110 110 110 110 110
Tresm (194ger 1999)	Prospective real redumption rate on projected inflation of (1)	World Bank 6-1 05
Conv 90c 2000tt 8.50 6.85 105% - 2 108% 19393	10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing the 8 months prior to issue, and have been adjusted to	Dermark 8º 02 Equ 9000 115 1154 5.14 Grand Metropolitan 80 00 7th 4.37 1144 1154 224
Total 13pt 2000 10.99 6.02 1182 -1 1232 1172 Deer Filmes Years	reflect rebasing of RPI to 100 in February 1987. Convention factor 3.545, RPI for May 1996. 152.9 and for December 1996. 7.471139bd ~3 114% 1048 154.1	Austra 6/2 24 2000 98/g 98/g 46 660 EB 10 01 Ecg 1130 117/g 117/g 117/g 4 6.12 (and Sees 6/6 02)
Trees 8pc 2000## 7.72 8.88 103## 104## 101## 101## 101## 7.72 8.88 103## 104## 101## 101## 101## 552	7.22 843 +13 843 757	Credit Forner 74 06 2000 1085 1084 5.57 Ray 94 11 Equ 2500 1284 1953 4 846 18700 74 05 £ 90 5.64 985 975
Treas 10pc 2001 8.05 6.98 11043 -3 1134 10043 Treas 8pc 2013## 7.63	7.49 1843 3 1853 952 7.49 1823 3 1833 933	Dermark 61-98
Trees 8pc 2015## 7.60	7.47 1054 -4 1063 95%	Deutsche Bit Pin 712 03 2000 1103 1105 14 5.43 ADC 10.99 AS 100 10074 1073 6.58 Payrosi 43 00 000 000 000 000 000 000 000 000 0
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Rise to Pillage Years	Yight 52 week _	EB 64 00
Treas 7to: 2002;†; 8.98 6.95 1003; -\(\frac{1}{2}\) -\(\frac{1}{2}\) 1003\(\frac{1}{2}\) 57\(\frac{1}{2}\) Truss 6\(\frac{1}{2}\) 2002 8.70 7.08 112\(\frac{1}{2}\) -\(\frac{1}{2}\) 113\(\frac{1}{2}\) 106\(\frac{1}{2}\)	Notes int Rad Price £ + or - High Low	Ray 7 & 98 5000 1001 1007 1 3A2 State Bk NSW 9 02 AS 300 1073 10714 14 7.33 Sup Allerca 74 08 £ 155 3.9 524 5077
7ress 8pc 2003## 754 707 104\$3 -4 10512 99}}.	Asian Dev 10%ppc 2009 8.49 7.50 129% +1,2 120% 111% B*bass 11%ppc 2012 8.81 8.08 130% +2 130% 119%	Normany 81: 98
1 ress 10pc 2002 6.71 7.14 11437 116 111, Undefined 1 ress 11 gec 2001-4 9.92 6.99 1157, 1275, 1143, Consola 4pc 7.74	- 51() -4 52() 45% [Jermont 33-ppc (rend. 8.23 - 42 +7 42 375]	Ontario 84 04
Funding 3/200 1998-4 4.10 5.94 8543 +17 8543 7834 War Loan 3/20044 7.53	- 511 - 1 520 454 Limport Signs lend 833 - 47 42 37 12 - 452 41 165 Spc 30 45 833 - 334 - 34 35 20; eq. 1 1. eq.	STRAIGHT BONDS: The yield is the yield to redemption of the bid-prior; the emount issued is in millions of currency units. Grg. days-Change on day. SLOATING RATE NOTES: Decompany in delice utilize otherwise indicated. Council shows in estimate. Council Africa.



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THURNINGY FEBRUARY

MARKETS REPORT By Simon Kuper despite new evidence that Italy might be excluded from the first round of European monetary union. A report in the Financial

Times said that European officials were planning to offer Italy a delayed entry in 2000 or 2001, after Emu's planned start in 1999. The lira fell from L984 to L992.5 against the D-Mark when the report broke, but the currency recovered on Bank of Italy buying and the market's gradual perception that a guaranteed if belated entry into Emu could be good news for the lira. The currency closed the day in London L1.7 higher against the D-Mark at L985.1.

The peseta and the Portuguese escudo also rose slightly, despite fears that Spain and Portugal might likewise be excluded from the first round of Emu. At

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POUND SPOT FORWARD AGAINS

one point the Bank of Spain against the dollar and was seen intervening in the D-Mark. It gained 1.4 cents market, buying pesetas.

The pound soared again, The lira firmed yesterday helped by overnight Japanese buying. It hroke the key psychologial Y200 barrier against the yen to close Y3.6 higher at a 52-month peak of Y201.3.

Japanese purchases of by Mr Robin Cook, the UK Labour Party's foreign affairs spokesman, who had previously suggested that e Labour government might well join the second round of Emu. The yen also suffered on the market's increasing belief that the Group of Seven industrialised nations. which meets in Berlin on Saturday, would not try to

weaken the dollar. The pound also rose

Feb 5	·-·Latest·	Prev. close -
spot 2	1,6385	1.6210
1 mth	1.8376	1.6201
3 mt h	1.6368	1.6782
1 1/1	1.6255	1,6084

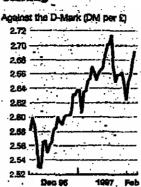
Lira survives report that it will miss Emu start against the dollar and against the dollar to \$1,632 and 3.4 pfennigs against the D-Mark to DM2.691. Sterling. which plunged last week. bas now recovered 6,7 pfen-

nigs against the German cur-

rency since Monday. The D-Mark fell despite the news that Emu might gilts were prompted partly start without some of Europe's traditionally weaker currencies, thus pointing to a stronger future single European currency. The D-Mark was hit by weak German industrial orders for December.

The dollar rose further against the D-Mark and the yen, climbing 0.7 pfennigs to DM1.649 and Y1.1 to Y123.3.

■ Yesterday's events bave clarified what currency markets expect of Italy and monetary union. Mr Jim O'Neill. chief currency economist at Goldman Sachs in London, said: "Everybody already knew Italy was not going to be in the first round of



Emu." Therefore, strong evidence that it would indeed be excluded hardly hit the

in other words, the bond and currency markets have will join Emu in 1999. They have merely been betting that Italy will receive a public guarantee saying it will So when the Finencial Times reported that that is

UAE

OOLLAR SPOT FORWARD AGAINST THE DOLLAR

pen, the lira rose to slightly higher than it had stood before. Mr O'Neill said: "If antee that Italy can go in at any stage, it actually makes ket very attractive." In the falling dollar. That short, the only news that failed: the US currency conwould send the lira tumbling

membership were given.

precisely what would hap-

CURRENCIES AND MONEY

■ Mr O'Neill also said yesterday that Seturday's G7 meeting was unlikely to stall the dollar's rise. "There's a growing view from a lot of market insiders that there's not going to be any communique from the G7, and that's a green light to sell the yen." He said the Japa-

nese currency could drop to Y220 against the pound. Mr Chris Turner, currency analyst at BZW in London, there is really a deal to guar- pointed out that ten years ago this month, at the Louvre meeting in Paris, the G7 the Italian interest rate mar- had agreed to try to stabilise

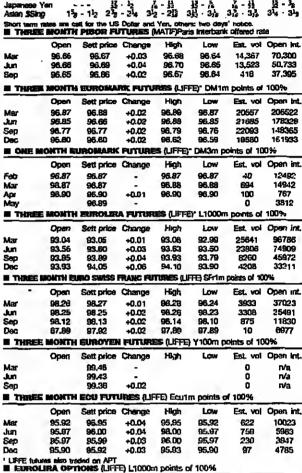
tinued to slip for several is if no such guarantee of months afterwards. This boded ill for any G7 attempt to stabilise the rising dollar now, he said.

> The Bank of England vesterday gave no signal as to whether UK interest rates would rise after the morning's monetary policy meeting between Mr Kenneth Clarke, the chancellor, and Mr Eddie George, the Bank's governor. Potentially the Bank could raise rates this morning, but the currency markets expect no movs.

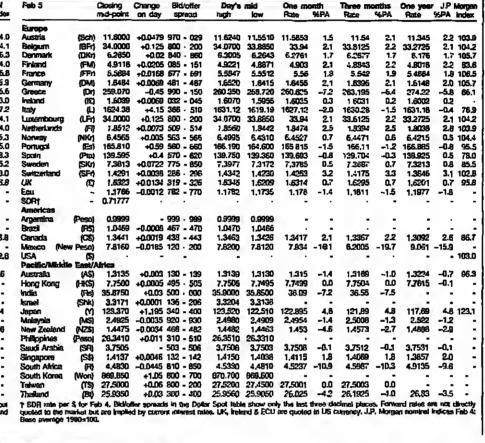
As forecast, the Federal Open Market Committee left US rates unchanged after its two-day meeting ended yes

WORLD INTEREST RATES MONEY RATES Over night 6.00 4,75 3,00 6,25 7,35 3,30 1.00 5.00 S LIBOR FT London 5<u>2</u> 5<u>2</u>0 5% 5,29 4<u>4</u> 3<u>3</u> 41 31 S LIBOR Intertwent fleing rates are offered rates for STDm quoted to the mark reference barries at 11am each working day. The barries are: Barriera Trust, Barrie Missuberki, Barclaye and National Westminster. Mid rates are shown for the domestic Money Rates, USE CDs, ECU & SDR Linked Deposits (Ds)





55.4966 +0.6563 520 - 411 10.2587 +0.1163 549 - 625 55.6200 55.0090 55.3716 10.2814 10.1682 10.2387 2.8 53.9116 2.9 2.4 10.0192 2.3 104.1 106.3 64.0 106.8 105.9 66.6 103.0 77.2 164.1 164.0 105.3 95.0 78.3 85.2 103.0 8.0173 +0.0988 102 - 244 8.0244 7.9340 8.0800 +0.1015 859 - 921 9.1138 9.0107 9.0683 2.6906 +0.0331 895 - 977 2.8966 2.6642 2.9841 422.867 +2.73 646 - 088 424.041 420.601 1.0177 4.004 171 - 183 1.0196 1.0141 1.0174 2651.39 428.41 965 - 314 2658.56 2627.54 2654.64 55.4966 +0.6563 520 - 411 55.6200 55.0900 55.3718 3.0268 10.0005 5.0000 50.00000 50.00 9.0107 9.0683 2.7 9.0266 2.6842 2.9841 2.9 2.6706 2.606 3.1 Netherlar Nonway Portugal 227.854 +2.511 764 - 944 228.085 225.937 227.854 12.0481 +0.2155 393 - 588 12.0656 11.8949 12.0291 2.3327 +0.0253 313 - 340 2.3414 2.5109 2.3247 0.0 227.634 1.9 11.9845 4.1 2.3095 11,7751 2.7 4.0 1.3873 +0.0127 865 - 880 1.3905 1.3779 1.3854 1.7 1.3809 SDR† Americas Argentina Brazil Canada 1,5321 +0,0134 317 - 324 +0.0152 081 - 093 +0.021 929 - 947 1.7108 1,9856 - - 2.1974 2.1789 2.1886 2.8 2.1778 2.9 2.1188 3.4 0.7 2.1439 +0.0222 427 - 451 2.1464 2.1184 2.1452 -0.7 12,6500 +0.1043 464 - 535 12,6661 12,5625 58,5570 +0.5275 036 - 103 58,5480 58,1490 58.5679 +0.5275 U36 - 1/03 5.4144 +0.0445 075 - 212 201.371 +3.582 279 - 483 4.0861 +0.0276 867 - 701 2.3827 +0.0139 610 - 844 42.9851 +0.3894 696 - 206 5.4212 5.3848 201,660 198,530 200,441 5.5 198,586 4,0727 4,0412 2,3644 2,3426 2,3694 -3,4 2,3788 5.5 190,171 121.4 -2.7 2,3996 -1.6 114.6 43,0206 42,9696 6.1298 2.3095 7.3690 1420.38 2.2782 7.2880 1410.50 Singapore



CROS	S RAT	ES AI	ND DE	RIVA	TIVES	3	-						000					
EXCHA	NGE C	ROS	S RAT	ES														
Fet	5	BFr	DKr	FFr	DM	HE.	<u> </u>	Ħ	NKr	Es.	Pta	SKr	SFr	8	C\$		<u> </u>	Ecu
Beighan	(8Fr)	100	16.49	16.38	4,850	1,833	4777	5.448	16.99	487.1	410.5	21.72	4.204	1,802	3.954	2,941	362.8	
Denmark	(DKr)	54.08	10	8.859	2,623	0.991	2584	2.945	10.27	263.5	222.0	11.74	2.274	0.975	2.138	1,591	196.2	1.352
rance	(FFr	81.05	11.29	10	2,961	1,119	2917	3.325	11.60	297.4	250.8	13.26	2.567	1.100	2414	1.796	221,5	
SOUTHWIN	(DM)	20.62	3.813	3.378	1	0.378	985,1	1.123	3.917	100.4	94.65	4.478		0.372	0.815	0.606	74.80	
reland	0.0	54.56	10.09	B.937	2,646	1	3607	2.971	10.36	265.8	224.0	11.85		0.983	2.157	1.605	197.9	
taly	a.	2.093	0.387	0.343	0.102	0.038	100.	0.114	0.398	10.20	8.593	0.455		0.038	0.083	0.062	7.583	
letherland	les (FI)	16.36	3.395	3.006	0.890	0.337	677.2		3.488	89.44	75.38	3.987		0.331	0.726	0.540	66.61	
lorway	(NKr)	52.65	9.734	6.623	2.553	0.965	2515	2.867	10	256.5	216.1	11.43		0.949	2.082	1.548	191.0	
ortugel	(Es)	20.53	3.796	3.363	0.996	0.378	960,8		3,699	100.	84.28	4.458		0.370	0.612	0.604	74,47	
ipain	(Pta)	24.36	4.504	3.990	1.161	0.446	1164	1.327	4,827	116.7	100.	5.290		0.439	0.963	0.716	88.37	
weden	(SKI)	46.05	8.515	7.543	2.233	0.844	2200	2.508	6.747	224.3	189.0	10		0.630	1.821	1.354	167.1	
witzerlan	d (SFr)	23,78	4.398	3,896	1,153	0.436	1136	1.295	4.516	115.8	97.64	5.165		0.429	0.940	0.700	86.28	
IΚ	(2)	55.48	10.26	9.089	2.661	1.017	2651	3.022	10.54	270.3	227.6	12.05	2.333	1	2.194	1.632	201.3	
Canada	(CS)	25.29	4.676	4.143	1.227	0.454	1208	1,377	4.804	123.2	103.8	5.492		0.456	1	0.744	91.75	
JS	(\$)	34.00	6.287	5.569	1.649	0.623	1624	1.852	6,45B	165.6	139.6	7.384		0.613	1.344	1	123.3	
lapen	(2)	27.57	5.097	4.515	1.337	0.505	1317	1,501	5.236	134.3	113.2	5.986		0.497	1.090	0.611	100.	0,689
Ecu		40,01	7.397	6.553	1.940	0.733	1911	2,179	7.599	194.9	164,2	8.668		0.721	1.582	1.177	145.1	1
anish Krone	r. Franch Fr	enc, Norv	region Kro	ner, and S	wodiah	kronor pe	r 10; Ba	igien Franc,	Yen, Esc	udo, Lim	and Pase	ta per 100						
D-MARI	K FUTURE	S (MM)	DM 125,	000 per l	DM				# J	APANE	SE YEN	FUTURE	S (IMM) Y	en 12.5	per Yer	100		
	Open	Latest	Change	High	ı L	ow E	st voi	Open Int.			Open	Lates	Change	High			est, vol	Open in
Aar	0.6091	0.6085	-0.0008	0,609	n 0.e	8300	14,897	62,016	Mar		0,8211	0.8160	-0.0054				15,220	76,094
lun.	0.6105	0.6124	-0.0000	0.612		105.	14	5,175	Jun		3.8301	0.8265	-0.0056	0.826		250	209	3,015
бер	-	0.5188	-	-	0.6	175	104	2,234	Sep		-	0.8464	-	-	Q.E	445	3	656
SWISS I	PRANC FL	TURES	(IMM) SF	125,00	0 per S	Fr ·			= 5		e run	RES (IMI	A) 202,500	per £				
4	0.7040	0.7032	-0.0009	0.704	1 B.7	001	9.797	47,172	Mar		.6200	1.6314	+0.0108	1.634	0 1.6	276	6.890	37,007
Age	0.7090	0.7096	-0.0011			065	34	2,685	Jun		.6260	1.6290	+0.0110			250	40	2,327
lun	0.1000	0.7215	-0.00			162	3	1,909	Sep		_	1.6270	+0.0126	1.627	. מ	_	2	1,050

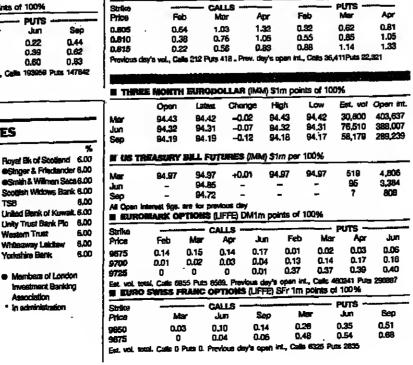
Jun Sep	0.6105	0.8124 0.5188	-0.0006	0.6124	0.6105. 0.6175	14 104	5,175 2,234	Jun Sep	0.8301	0.8265 0.8464	-0.0056	0.8265	0.8250 0.8445	209 3
swis	S FRANC	FUTURES	(IMM) SF	125,000	per SFr			STERLE	10 FUTU	RES (IMI	4) 202,50	O per £		
Mar	0.7040	0.7032 0.7096	-0.0009 -0.0011	0.7041 0.7110	0.7001 0.7065	9,797 · 34	47,172 2,685	Mar Jun	1.6200 1.6260	1.6314 1.6290	+0.0108	1.6290	1.6276 1.6250	6,890 40
Sep	-	0.7215	-	-	0.7182	3	1,909	Sep		1.6270	+0.0126			2
UK I	NTERE	ST RA	TES					EMS E	JROPE Ecu o			NCY U	MIT RA	
LOND	ON MC	NEY P	ATES						rate		nst Ecu	on day	cen. rate	v wee
Feb 5		Over- night	7 days notice	One	Three months	5bx months	One	Finland Portugal	5.854 197.3	98 19	6.750	+0,00122	-0.88 -0.83 -7.87	2.9 2.8 10.4
	Conde	64 - 2	64 - B	64 - 64	62 - 62	612 - 634	64 - 65	Ireland	0.7987		874 29 - 118.99	0.003644 -1.76	0.86	102
interbank Sterling C			-	56 - 66			631 - 613	Italy	1906. 163.8		4.969	-0.07	0.70	1.3
Treasury		-		511 - 5%				Spain Netherland				+0.00337	0.93	1.0
Bank Bills		_	-	53 - 5数	624 - 632	616 - 616	-	Conmark	7.345			+0.00971	1,24	0.7
	nority deps.	5% - 5%	54 - 54		632 - 614	616 - B	8 7 - 64	Germany	1.925			+0.00311	1.25	0.7
Cincount I	Market dec	s 6% - 5½	612 - 614				- '	Belglum	39.71		.2209	+0.0575	1.26	0.7
								Austria	13.54		7200	+0.0203	1.27	0.7
MC clearic	no twenk be	se lending a	ate 6 per	cent from	October 30	, 1986		Prence	6.458			+0.00825	2.01	0.0
Ar 0-0	.,		Up to 1	1-3	3-6	6-8	9-12							
			month	month	months	months	months	NON ERM	WEMBER!	S				
			212	512	- 5	- 5	44	Greece	295.2		6.513	-1.295	3.81	-1.7
	ex deb (E					1 1 Loc		UK	0.7931			0.005498	-8.62	11.6
Ave. tender up day Jen Reference House Bes	r rate of dies 131, 1997. A rate for perk e Rate 6 ² 2pc	greed rate to d Jen 1, 199 tront Feb 1,	period Fel 7 to Jan 31 1997	28, 1997 1 , 1987, Sch	Mer 26, 10 emos IV & V	97, Schem 6,409pc. Fl	100%	Four central rain Percentage che between two of currency, and a central rate. 17:	rgus are for reade: the p he madeum \$42: Startin	Ext e poe ercentage o permitted (permitted (permitted (itive change Stierwice be percentage of d from ERM PTTONS	denotes a westween the ac deviation of the Adjustment	eek currency.Di tuel mentat and to currency's n calculated by t cents per po	Avergence : d Equ. cent market rate the Finance
	Open	Sett price		High	Low		Open Int.	Strike Price	Feb	GAL		Abr	Feb	Mar
Mar	93.67	93.64	-0.02	93.67	93.63	19720	102081 106359	1.600	2.56	3.3		3.83	0.48	1.35
Jun	93,44	93,41	-0.02	93.45	93.37	16102	71817	1.610	1.61	2.7		3.25		1.74
Seo	93.23	93,20	-0.02	93,24	93.18	11584	53109	1.620	1.32	2.4		2.73		2.18
Dec	93.05	93.02	-0.02	93.07	93.00	7108 3803	38921	Previous day's						
Mar	92,93	92.69	-0.03	92.95	92.89	3303	30461	Hances can	VOL. (2005)	6/1 PUB /	W P100.	ouy a open		
Also tradec	on APT. A	Open Inten	est ligs. avi	for previou	m day.			m PHILAD	ELPHIA S	E D-MA	RK/\$ OF	TIONS D	M62,500 (\$	per OM)
		NG OP170	we diffe	e500.000	ocints of	100%		Strike		— CAL				PUTS -
SHOR	T STEEL	Mrs of the	Anna desir L	,				Deign	Enh	M		Anr	Feb	Mar

					PUTS	
Strike Price	Mar	Jun -	Sep	Mar	Jun	Sep
9350 9375	0.16 0.03 0 0 bd, Calls 2902 Pa	0.13 0.05 0.01 ₄₅ 11775. Pro	0.14 0.07 0.03 wlous day's	0.04 0.14 0.35 open int., Ce	0.22 0.39 0.60 (ib. 193958	0.44 0.62 0.83 Puts 147842
	B	ASE LE	NDING	KAIL		

Western Trust

Investment Banking

		3E	
	%		7
Adam & Company	8,00	Duncan Lawrie	6.00
Atted Irish Sank (GB)	6.00	Exeter Bank Limited	7.00
OHenry Ansbacher	6.00	Pinancial & Gen Bank •Robert Fleming & Co	6.00
Bank of Baroda	6.00	eGuinness Mehon	6.00
Banco Sibao Vizcaya		Hebb Benk AG Zunch	6.00
Bank of Cyprus	6.00	el-tembros Bank	6,00
	6.00	Heritable & Gan triv Bl	.B.00
Bank of India Bank of Scotland	6.00	el便 Samuel	6.0 6.00
Bank of Sugario Bandays Bank	6,00	C. Hoare & Co Hongkong & Shanghai	
Brit Bk of Mid East	6.00	Invested Bank (UK) Lin	6.00
@Brown Shipley & Co Ltd	600	Julian Hodge Bank	5.00
Ciliberik NA	6.00	GLeopold Joseph & Sons	6.00 e00
Clydesdale Bank	6,00	Lloyds Bank Midtand Bank	em
The Co-operative Bank Coutts & Co	6.00		6.00
Cyprus Popular Bent		eRea Brothers	6.00



2.92 2.86 10.49 1.35 1.90 1.07 0.76 0.75 0.74 0.00

11.63

2.32 2.74

Futures Options FX UNION CAL Ltd. 3030

BERKELEY FUTURES LIMITE OPTIONS & FOREX 38 DOVER STREET, LONDON WIX 5RB TEL: 0171 629 1133 FAX: 0171 495 0022

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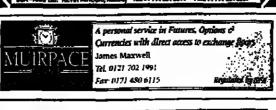
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SPREAD BETTING ON OVER EIGHTY MARKETS CITY INDEX

The Financial Times plans to publish a Survey Merseyside on Thursday, April 3

1,03 0.83 0.65

0.48

0.19 0.26

0.52

0.03

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African countries urged to reform tax

By Mark Ashurst in Cape Town

African countries needed to make substantial changes to their tax regimes if they were to attract their fair share of foreign capital for mining projects. Mr Bobby Danchin, chairman of Anglo American Corporation's new mining business unit, said yesterday.

He suggested at the Investing in Africa conference in Cape Town that, in splte of big economic and political reforms throughout Africa in the past 10 years, the implementation of reforms to mining legislation and the removal of fiscal barriers still had a long way to go.

"There has been much talk about the establishment of an environment that encourages the exploitation and exploration of minerals." he aaid. "Here, especially, implementation lags far behind good intention.

"Africa is still uncompetitiva on a global basis because of fiscal impositions." He insisted: "Governments should be aware of the very considerable amounts of direct revenue which will be raised from exploration, capital investment and mining operations.

The key to attracting mining investment is to provide tax motivated in part by the incentives on the various tax charges on mining profits."

Mr Dennis Tucker of Fleming Martin in Johannesburg, also told the conference that mining investment failed to reflect the continent's geo-

straight and narrow with rapid moves aimed at turning its mineral wealth to account," he said "[But] it has still to get its fair share of worldwide investment." budgets, Africa, with an 11.9

per cent sbare, lagged behind Latin America (27.3 per ceot), Australia (18.9 per cent) and Canada (13.1 per Investors recognised the

potential in Africa and were paying between \$36 and \$113 a troy ounce for gold reserves owned by companies in the region. That compared with the \$33 an ounce of reserves being paid for good quality South African producers and explained why South African companies were spending heavily on exploration elsewhere. Mr Tucker estimated that the big South African groups would spend nearly \$100m

this year in Africa.

South African interest was decline of the domestic gold industry, which had failed to sustain the productivity improvements required to offset rising costs at deep level mines.

Revenues had increased by logical potential.

a quarter last year, largely
"Africa is headed on the as a result of the weaker rand, bot this had been eroded by a 20 per cent increase in production costs. "Only the weak rand and

strong rand gold price res-

cued income. The early pro-In terms of exploration ductivity initiatives would not bave bailed out the industry," said Mr Tucker. The bulk of global mining financing has shifted from its traditional base in London to Toronto, claimed Mr Michael Wilson, vicechairman of RBC Dominion

Securities, Canada's biggest

investment bank, at a dinner

held in connection with the

conference. Canada had seen

spectacular growth in equity fund raising for global min-Mr Wilson said mining equity finance raised on the Toronto Stock Exchange last year reached US\$4bn, some 3.5 times more than the next global market, Australia, where the equivalent of

US\$1.1bn was raised.



Investment has failed to reflect the continent's potential

Cereal growers Newsprint encouraged to save wildlife

By Alison Maitland

Leading conservation groups in the UK yesterday expressed enthusiasm for a government-funded pilot programme to encourage cereal farmers to change their practices to help save wildlife.

"This is really good news," said Mr Dick Potts, director general of The Game Conservancy Trust, an independent charity. "The scheme will mean there will be tens of thousands more birds, hundreds of thousands more wild flowers and millions more beneficial insects."

The programme provides a vision of reforms to the European Union's Common Agricultural Policy, which would switch funding from cereal production to environmental objectives. There have been serious

declines in many species of farmland wildlife in the past 25 years. The population of the tree sparrow has dropped by 89 per cent, grey partridge by 82 per cent, and lapwing by 62 per cent.

cereal growers would be compensated for losses in direct support payments from Brussels for the small reduction in the area they cultivated with crops.

only minor adjustments. These include: leaving cereal stubble in some fields rather than ploughing it in; reviving the practice of sowing a grass and clover mix which remains in the field once spring-planted cereals are harvested; avoiding spraying borders of fields with harbicides and insecticides; and keeping narrow strips across

They would need to make

fields unsprayed. These measures would encourage insects and provide food and shelter for wildlife. "It's a brilliant integrated package," said Mr Potts. He said research to be poblished shortly showed that chemical sprays wsra not universally harmful for wildlife.

"The problem with herblcides is in removing a handful of species of broad-leaved weeds which support important insects," be said. "Fungicides by-and-large are OK. Insecticides have no adverse impact in the autumn but

they do in the summer." The Royal Society for the Mr Potts said large-scale Protection of Birds welcomed the programma and changes to the Environmantally Sensitive Areas scheme to encourage arable farmers to keep stubble in the interests of birds.

producers delay rise in prices

By Robert Gibbens in Montreal

Four big Canadian newsprint producers, facing customer resistance, have delayed a US\$75 a ton price increase to March 1.

The increase to US\$575 had been due to come into force on February 1. The companies - Avenor, Stone-Consolidated, Abitibi Price and Donohue Market - said conditions were not yet right for the increase. Analysts believe the rise

will not take hold fully until late summer because North American inventories are still relatively high. "The newsprint market is

not ready for the \$75 increase now, but it should stick by March 1," said Mr Rick Petersen, a sanior Avenor sales executive. He said inventories were

down at publisher and producer levels after long mill sbntdowns over Christmas and New Year at all big Canadian producers. Newsprint prices usually

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Marie Company

T- H ---

follow softwood pulp trends, and pulp producers see a firming trend, with strong Asian demand helping to absorb world supplies.

North American softwood kraft (BNSK) is expected to rise from \$525-\$550 a tonne to \$650 by the end of the year, said Mr Frank Dottori. president of Tembec, an eastern Canada producer of speciality pulps exported worldwide.

But many insist the newsprint market will not take on March 1. Mr John Miller, analyst with Canaccord Capital, said a \$30 increase is more likely to stick.

Investors, however, are taking a more optimistic view on the ontlook for newsprint producers after last year's market sell-off. Avenor, Stone, Donohue and Abitibi shares are all near

Copper's rise leads general increase in LME prices

MARKETS REPORT

By Kenneth Gooding, Susanna Voyle and Robert Corzine

Copper for immediate delivery on the London Metal Exchange rose 31/2 per cent and led a general increase in LME prices. The premium for copper for immediate delivery over three-month metal moved back above \$200 a tonne, to \$215, and three-month copper was \$2,240 at the close, up \$36 a tonne from Tuesday's close,

COMMODITIES PRICES

LONDON METAL EXCHANGE

1598.5-9.5 1595/1594 1594-94.5

2,129

666.5-7.5

37.040

7595-600

5800-10

5790-95

2,548

11**5**7.5-69.5 1151.5-2.5 1751.5 1151-51.5

19,965

2448-53 2385-70

■ ZINC, special high grade (\$ per tonne)

COPPER, grade A (5 per torme)

■ LME AM Official £/\$ rate: 1.8292

HIGH GRADE COPPER (COMEX)

Sout: 1,6377 3 miles: 1,6349 6 miles: 1,8314 9 miles: 1,6293

103.05 +3.25 103.20 100.00

PRECIOUS METALS

(Prices supplied by N M Rothschild)

Day's High

2 months

Silver Fix Spot

Gold Coins

Day's Low 341.90-342.30 Previous close 345.90-346.20

343,30-343,70

110.00 +4.50 110.10 105.50 385 2,321 108.75 +4.75 108.80 103.90 7,761 22,822

343.15 211.260 489.915 343.40 210.326 490.135 344.30.344.70

....3.67 & months

> 302.50 306.75 315.70

5 price 346-48

682.5-63.0

677-B

7790-800 7690-700

1186-88 1171-2

2199-200

4,786 51,138

491.20 497.20

509.50

£ equiv. 212-213

50-52

ENERGY

CRUDE OIL IPE (\$/barrel)

ALUMINIUM, 99.7 PURITY (5 per tonne)

ALUMINIUM ALLOY (S per tonne)

AM Officia

High/low AM Official

Kerb close

Karb close

Previous High/low AM Official

Kerb close

Kerb close

Open Int. Total daily turnover

Total daily turnover

■ TIN (\$ per tonne)

MICKEL (\$ per tonne)

■ LEAD (\$ per tonne)

BASE METALS

Traders suggested the market's tightness could continue for

another two weeks. Zinc burst through a technical resistance point to reach \$1,190 a tonne, but eased back to close at \$1,184, up \$15. At the American Zinc Association conference, Mr Geoff Mason, analyst with the CRU International consultancy, said the price might jump to \$2,000 in the next two years. He expected zinc for immediate delivery to reach \$1,400 by this time next year and \$1,600 in 1998.

Precious Metals continued

345.6 - 345.9 343.9 1,346 5,064
346.4 - 346.7 344.3 29,890 94,506
348.6 - 349.0 346.9 963 23,179
351.0 - 351.0 349.6 149 8,752
353.4 -0.1 353.0 352.0 55 3,563
355.9 -0.1 355.9 354.3 558 18,326
33,115 191,347

356.1 +1.2 356.4 354.0 1,925 20,423 358.2 +1.1 357.5 356.5 10 3,422 360.3 +0.9 359.0 356.0 18 2,277 362.6 +0.8 361.3 361.3 3 1,082 1,364 3,347

PALLADIUM NYMEX (100 Troy oz.; \$/poy oz.) Jul.
Total

483.6 +1.6 99.0 481.5 26 14
487.2 +7.5 489.5 481.6 9,487 65,857
491.8 +1.5 494.5 486.5 316 13,062
496.3 +1.5 498.0 483.5 57 8,946
500.8 +1.5 502.0 498.5 29 3,000
507.8 +1.6 507.0 504.6 16 4,923
8,915 90,098

SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

CRUDE OIL NYMEX (1.000 barrels, 5/barrel)

24.11 -0.09 24.23 23.80 41,365 75.291 23.71 +0.10 23.80 23.41 18.747 44,192

22.84 +0.09 22.92 22.62 3.684 33.231 22.94 +0.15 22.55 22.29 1,533 16,150 22.15 +0.07 22.20 22.02 1,082 13,645

22.56 +0.13 22.63 22.34 12,765 44,395

22.55 +0.13 22.55 22.54 12,763 +0.529 21.70 +0.15 21.71 21.49 1.813 18,304 21.33 +0.16 21.35 21.13 848 16,337 20.97 +0.14 20.97 20.83 401 12,232 20.78 +0.24 20.78 20.57 188 3,116 23,937 152,165

May 21.70 +0.15 21.71 21.49 1.613 18.304

Jun 21.33 +0.16 21.35 21.31 848 16.937

Jul 20.97 +0.14 20.97 20.83 401 12.232

Aug 20.78 +0.24 20.78 20.57 188 3.116

Aug 20.78 +0.24 20.78 20.57 188 3.116

Aug 20.97 +0.14 20.97 20.83 401 12.232

Jul 20.97 162,166

Sep 21.70 40.15 20.57 188 3.116

Aug 20.987 152,166

Sep 21.70 40.15 20.15 20.15 20.15 20.15

Latest Bay's Open

80.10 +0.14 82.40 61.65 11.308 15.852 80.90 80.0

201.00 -2.00 203.00 198.00 6.290 18,757 193.00 -1.50 194.75 191.75 4.464 16,267 189.00 -1.25 190.75 188.76 1,806 8,777

186.25 -0.50 197.00 188.25 699 3,746 185.00 -0.25 185.50 184.00 1,204 7,839 185.00 -0.25 185.00 184.75 47 2,482 16,442 66,873

2.435 -0.062 2.520 2.400 17,361 33,592 2.225 -0.044 2.260 2.200 5.652 18,598 2.125 -0.023 2.160 2.110 2.372 14,420

2110 -0.015 2125 2100 845 9,150 2115 +0.070 2125 2100 1,005 8,999

2115 +0.060 2.130 2100 574 7,859

68.45 +0.14 58.79 67.25 10,229 30,236

99.09 -0.03 70.20 89.05 4.23 14.495 69.45 +0.02 89.80 89.95 2.348 19.47 88.35 +0.15 86.60 67.90 902 67.78 66.35 -0.10 66.35 68.10 121 3.953 84.70 +0.15 64.70 84.25 103 3.423

M NATURAL GAS MYMEX (10,000 mmEtal: S/mmEtal)

78,908 358,733

GOLD COMEX (100 Troy oz.; \$/troy oz.)

gold traded below \$343 a troy ounce for the first time in 46 months, touching \$342.25 at one point. Some traders suggested aggressive selling by Australian producers anxious to lock in forward prices prompted the downward momentum. At the afternoon "fix" in London gold was \$343.40, compared with \$345.70 at

the Tuesday afternoon "fix". Mr Larry Kaplan, analyst at Flemings Global Mining Group, up because Atlantic Panamax said: "Sentimeot remains weak.

GRAINS AND OIL SEEDS

92.55 -0.90 93.00 82.50 207 1.871 94.75 -0.95 95.45 84.70 524 3.130 96.75 -0.96 97.00 96.70 53 550 91.00 -0.75 93.50 93.00 134 1.276

361.50 +3.75 362.00 956.00 8,564 27,370

352.50 +3 353.00 347.00 2.223 11,004 341.75 +2.5 342.50 336.00 3,725 25,734 344.50 +2.5 344.50 339.00 88 1,741 354.25 +3.25 355.00 349.50 332 1,973

272.50 +2 272.73 270.00 29.534118,512 271.50 +2.5 271.73 268.50 9.145 72.970 270.50 +2.5 270.75 267.50 0.448 69.622 268.25 +2 268.50 264.00 763 10.191 267.75 +2.25 268.00 265.25 2.338 45.071

Jan 94.50 -0.50 11 745 Mar Total 11 745 Mar ■ SOYABEANS CRT (5,000bu min; certs-60b bushel) Jal

SOYABEAN OIL CRT (60,000ths; cents/fb)

SCYABEAN MEAL CET (100 tons; \$/ton)

■ FREIGHT (BIFFEX) LIFFE (\$10/index point)

1375 +2 - - 110 1450 +40 1450 1420 64 1500 +48 1500 1450 74 1526 +35 1530 1480 111 1295 +25 1290 1265 30 1410 +20 1410 1400 22

POTATOES LIFFE (E/tonne)

Class Prev 1387 137

Apr Jul Det Total

BR

- 341,00 341.00

WHEAT LIFFE (£ per tonne)

M PLATINUM NYMEX (50 Troy oz.; S/troy oz.) WHEAT CST (5,000bu min; cents/60to bushel)

Mar May Sop

On the London bullion market Investors could well remain cau- he expected the improvement to tious shout re-entering the market last in the short term. until they are convinced that prices have bottomed.

> Shipping retes rose yesterday, with the Baltic Freight Index rising 12 points to 1,397. The index, a reflection of the dry cargo shipping market, bas been falling because of oversupply of vessels. Mr Basil Mavroleon, chairman

M COCOA CSCE (10 tonnes; \$/tonnes)

COFFEE LIFFE (\$/tonne)

74 85 +0.34 75.20 74.25 2,193 20,501 76.28 +0.36 76.60 75.77 1,434 18,393 77.25 +0.30 77.49 76.80 404 8.813 77.25 +0.25 77.38 76.85 50 1,450 77.31 +0.26 77.40 76.95 402 12,426

86 50 +2.40 87.70 84 30 2.166 15.117 86.55 +2.25 90.45 87.30 540 7,478 92.80 +2.30 93.50 90.50 509 2,756

95.85 +2.30 96.10 93.00 127 97.35 +2.30 97.25 95.80 64 98.85 +2.30 97.00 96.50 40

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

Feb 5 Feb 4 month ago year ago 1948.3 1943.5 1890.0 2148.3

Feb 3 menth age year age 203.82 228.86 195.44

■ ORANGE JUICE NYCE (15.000tbs; cents/lbs)

SOFTS

May Joi Sep Bec Mar Total

134 1,276 32 136 996 6,479

of the Baltic Freight Index committee, said the index bad moved grain rates were firmer, He said

892 855 1,970 30,138 974 879 3,682 25,681 934 904 1,627 11,239 953 924 492 12,684 964 938 492 11,389 968 960 2,632 17,659

-22 1293 1268 6,839 18,444 -18 1323 1302 4,803 25,042 -20 1350 1331 828 14,182 -17 1379 1360 313 9,096 -14 1493 1388 348 4,347

1409 -15 1420 1411 100 12.594

13,497 48,819

Feb Apr Jul App

However, Clarkson Wolff, the

shipping broker, said the market remained confused about future direction. "It is not clear whether this is 'spot' booking before the Chinese New Year Holidays, or this is the start of a sustained recovery in the market," it said. Oil prices were flat for much of

yesterday's trading after the latest report on US crude and refined prodoct inventories failed to give

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000/bs; cents/lbs

■ LEAN HOGS CME (40,000fbs; cents/fbs)

79.650 -0.125 80.000 79.300 1,495 77.750 +0.100 78.000 77.450 74.750 +0.125 74.850 74.325

63.750 +0.025 64.250 63.700 3.860 12.266 65.550 +0.700 85.900 66.40011,866 43.221 64.175 -0.250 64.575 64.100 2,170 15,269

64.150 -0.075 64.425 64.075 1,677 17,109 67,350 -0.075 97,625 67,300 909 10,384 69,475 -0.225 69,775 69,425 308 4,266

75,500 -0.025 75,900 75,300 2,276 5,367

67.875 -0.025 67.900 87.900 48 1,40

77.150 -0.450 78.450 77.000 252 2.911 77.075 -0.275 77.750 77.000 166 688 74.000 -0.150 74.000 74.000 24 456

Brent Blend for March delivery was quoted at \$22.41 a barrel in late London trading, 2 cents down | the full 15 per cent increase on its close on Tuesday. American Petroleum Institute

figures showed a 4.1m barrel drawdown in middle distillata stocks, including heating oil - one of the main influences on the direction of oil and product markets over the past three months. But the data also showed stocks above the level of a year ago, suggesting there is increasingly adequate cover for any late cold spell. Abitibi shares are a quate cover for any late cold spell.

JOTTER PAD

LONDON TRADED OPTIONS

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	90.50			94.23	,	38	Total	1330	-30	1333	1330		48,818	E AL	UMINIL	JM				
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<u>'</u> _							May			142.75								39	84	106
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	739 50	+25	740.00	731.50	25,591	73,329	Sop			135 55			3,117		A) LN		Mar	Jun	Mar	Jun
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	738.75				6.360		Mar			126.00			578	2200		H-11-11-11	119 57	58 88	19 57	94 150
			735.50				Total	• - • -				16,578	44,913					38	121	220
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	686.75		687.00			17,867		PPEE (IC	OI (O	Centa	POOR IL	<u>'</u>		E C	AFFEE	LIFFE	Mar	May	Mar	May
•	000.10					172,105	Feb 4					P	ev. day					142	16	59
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					5,099									■ C	COA I	JFFE	Mar	May	Mer	Mary
			24,44			19,993	■ WH	ITE SUG	AR LI	FFE (S/	tonne)			900			1	19	47	39
	24.72	+0.08	24.80	24.43		15,430								925				13	71	58
			24.85			3,155	Mar	303.5	+39		300 4		8,824	950			•	9	96	79
			25.00				May	301.3	•31			2,413			RENT			_		
	25.20	+0.13	24.95	74.95		843	Aug	301.6	+21	301.7	299.5	55	3,228	IPE "	nERI	CHOL	Fab	Mar	Feb	Mar
ı					7,840	86,240	Oct	297.6	+1.9		297.5	20	2,290					74100		
O	YABEA	N MEA	T CET	(100 t	ons: \$/	toni	Dec	299 0	+1.7			13	632	2250.				13	•	27
-				****			Mar	300.3	+2.3	301 7	300.0	10	410	2350			30	23	-	65
	235.9	+0.3			8,572		Total													
	230.7	+0.4			3.135		SU	3AR '11'	CSCE	(112.0	00#bs;	Cents/	Nbs)	LON	ADO!	NS	POT	M/	NRKI	ETS
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	226.8	+0.7					May		-0.13				37,418				- 15-5			
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(live weight)†	74.42p	-0.72*
day sugar (raw)	\$257.80	+1.10
dey sugar (wte)	\$303.50	0.60
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e (US No3 Yellow)	Unq	
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tic Circle (9)

19 Pipes fitted in cold theatres, perhaps? (9)

19 Pipes fitted in cold theatres, perhaps? (9)

10 Ist of arrivals with the cold theatres, perhaps (9)

21 Ugly rows in Whitehall, for example (6)

22 Property in New England, 24 Location of witch-hunt in ley (7)
27 Greek host, commonly?

28 Turner's city article (5) 29 Ilium revisited and rebuilt with authenticity (14)

DOWN 2 Stern, say, with bow close to bridge? (9) 3 Dutch bouse, roofless, in

field (5) 4 To bargain, get a toe in

opening (9) 5 Almost agreed to marry (5) 6 Get mostly brown coal which is explosive (9)

7 States briefly who officiates

8 Ask earnestly in French to join banquet (7) 9 Tread on toes of cricket-11 Diving bird's sin, baving swallowed mole perhaps (9)
12 Six in game? That's incootestable! (7)

13 Work in Park and a coordinate of people well up? (9)
15 Copper's to face term of 17 Copper's to face term of imprisonment (9)

testable! (7)
13 Wolf in French ravine (7)
14 Day at Bank of France as
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18 Having squandered, be
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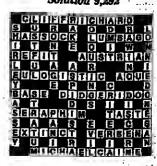
19 Dramatist reported to mark list of arrivals with tick (7)

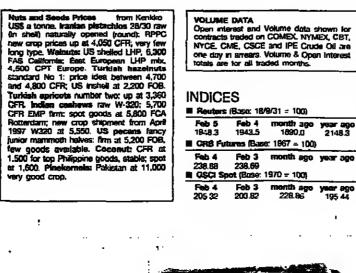
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20 Spirit in Barnet hospital?
23 Judge, one who does his best (5)
24 Description in Barnet hospital?

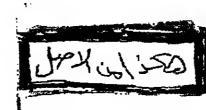
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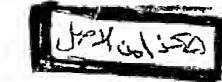
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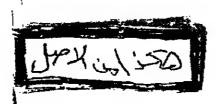
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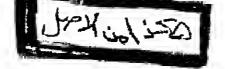
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3.1.0 Cooling with-prices are about in perce unless otherwood stated. Highs and lower a plant in based on later-they mid-plates over a rolling \$2 must percel.

4. Where shocks are decommended in currencies other than shorting.

5. Unit is indicated attrict the nance. Prices shown for some of these foreign accurates are converted into sterding trons latest available foreign accurates are converted into sterding trons latest available [1.5] Symbole returning prices.

1.5. Symbole returning to dividend status appear in the notes column as covers are published on Monday.

1.5. Mountait capturities shown is calculated separately for each fine of the stock function. 14.5 stock quoted.

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28.7 Yeaks are based on stid-prices, are prices, adjusted for a dividend for the stid of 20 per cent and allow for value of declared distribution and rights.

9.5 Estimated Net Asset Values (NAVs) are chosen for transmittent finance, 15.1 in pance per store, along with the porcentage discounts (Oks) or permitten (Pm.) to the contrast closing store price. The NAV basis assumes prior charges at par value, convertibles convented and searches assumes prior charges at par value, convertibles convented and searches assumes prior charges at par value, convertibles convented and

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FTSE 100 and SmallCap close at new peaks

MARKET REPORT By Steve Thompson, **UK Stock Market Editor**

rate rise in the UK they did not put off institutional buyers of UK

stocks yesterday. Both the FTSE 100 and FTSE SmallCap indices climbed to new intraday and closing highs, responding to a fresh flurry of local and overseas buying.

The only drag on the equity market came from gilts which, were a few ticks easier throughout the morning on anxiety about interest rates.

across the board was all the more policy. impressive given that sterling continued to gain ground, rising over one per cent against a bas-If there were lingering worries ket of leading currencies and about the prospects of an interest over three pfennigs, or 1.1 per cent against the D-mark.

The Bank of England left its money market dealing rates unchanged, signalling no alteration as yet in official interest rates after the latest meeting hetween Mr Eddie George, governor of the Bank of England, and Mr Kenneth Clarke, chancellor of the exchequer. Nor was there any change from the US where the Federal Reserve Open Market Committee finished its two-day

The FTSE 100 index closed an

active trading session up 20.6 at a new closing peak of 4,281.5 having moved to an intraday record of 4,286.9 in mid-morning.

The FTSE SmallCap, meana peak 2,319.0 after an intraday record of 2,319.1. The FTSE 250 joined in the market's upsurge, shrugging off its recent bout of up 8.2 to 4,583.9. But It remained about 32 points away from its closing and intraday highs. recorded on January 23.

Sterling's strength was one fac-

stocks, Zeneca and Smithkline, the opening. whose shares have both been inflated by takeover speculation. continued with MS International. They were additionally weakened by news that Roche of Switzerland, long seen as a potential bidwhile, was a further 4.9 ahead at der for either, had made an acquisition in the US, making a joined the bidding queue for Scot-

underperformance and moving from Wall Street, where the Dow tle. Other big financial sector Jones Industrial Average opened bids are "almost a certainty" sharply higher after news of the proposed merger of Morgan Stanley and Dean Witter, which will create the biggest investment on Tuesday, excluding Crest

short term.

1737%p as hid hopes faded

following news that Roche of

Switzerland is to acquire

Tastemaster US food and

The acquisition had

damped speculation that

Roche would sell its fra-

grances and flavours husi-

ness to raising finance for an

acquisition in the pharma-

ceutical sector. The news.

combined with continued

strength to sterling, also

affected SmithKline Bee-

to 257%p as investors contin-

ued to show interest ahead

of an announcement on tri-

improved 231/4 to 426p after

the group announced a new

version of one of its com-

Molecular

tion product.

Oxford

cham, which fell 9 to 864%p. Shield Diagnostics lifted 8

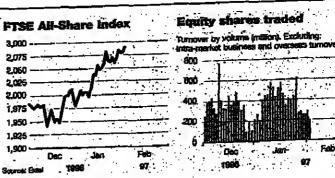
beverage group for \$1.1hn.

The performance of stocks meeting to debate US monetary in the FTSE 100, notably two of Up 27 points overnight, the Dow the market's big pharmaceutical was up 30 points not long after

> The spate of profit warnings the engineering group, and West 175 Enterprises both suffering heavy share price falls.

News that Prudential had blockbusting bid less likely in the tish Amicable was seen as only the second shot in what promises There was help for London too to he an aggressive takeover bataccording to one specialist.

Turnover at 6pm yesterday was 800m shares. Customer business tor behind the handful of losers hank/stockbroker in the world. transactions, was worth £666.3m.



ridices and rational	4281.5 4583.9 2116.6 2089.61	+20.6 +8.2 +8.8 +8.41 3.54	FT 30 FTSE Non-Fins p/e FTSE 100 Fut Mar 10 yr Gilt yleid Long gilt/equity yld n	2845.8 18.80 4277.0 7.30 atto 2.07	+4 18.7 +22 7.2 2.0

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performing sectors	Worst performing sectors
ecommunications+1.7	1 Extractive Inds
tallers: Food+1.7	2 Pharmaceuticals
Assurance+1.8	3 Gas Distribution
tiles+0.9	4 Building Metts
oks: Retail +0.9	5 Engineering: Vhcls

Pru goes into bid battle

By Peter John and Joel Kibazo

The latest attempt to gain control of Scottisb Amicable featured a spate of rumours that finally hardened around Prodential.

The Pru had been strong In early trading as some investors switched into the stock from Commercial Union and General Accident following a couple of broker 13m shares. sell notes on Tuesday.

That buying encouraged speculation that National Westminster was priming its own gun and aiming it at the Pru. Shortly before the market closed, news came out. James Capel shaved its full that the Pru was making its year figure (excluding Gerplay for ScotAm, offering the same goodwill as that offered by Ahbey National

Many analysts see the Pru's move as only the second in a fight that could run for some time and encompass several aggressors. Among the potential contenders are National Westminster, Aegon of Holland.

and AMP of Australia. But the main surprise has been the share price reactions. Abbey jumped smartly on the news of its offer last week and the Pru maintained yesterday's early rise. One analyst said: "We were always brought up to believe that when a bid happens the combined with a strong sell

bid target rockets and the hidder is lucky not to fall. This is the classic sign of a

hull market." Pru shares rose 1314 to 554p while CU fell 51/2 to 695p, GenAcc 4 to 797p and Abbey 5 at 782p.

BSkyB was the most volatile of all the blue chip stocks yesterday. The shares elipped ini-

disappointing interims. Then, in reaction to bullish comments from the chief executive, the shares rode the 'Chisholm trail' all the way back up. They ended the day 30 higher at 623p and at the top of the Footsie performance table. Volume was

Figures for the six months to December came in below a number of forecasts, Among analysts who took a more cautious line on the beadline prospects, HSBC man contributions) by £7m to £315m. However, during his presentation Mr Chisholm gave "a typically confi-

dent" performance, accord-

ing to one analyst. The chief executive said orders for new digital satellite boxes were being placed and the German television link was on track but the company had get-out clauses. Among companies hoping to secure BSkvB diet. tal decoder orders are Amstrad, which rose 91/4 to 161p, and Pace Micro Technology, which bounced 61/2 to 176p after a beavy fall on Tues-

A negative press report

recommendation to exact a heavy toll on EMI Group.

The group's shares took the dubious honour of being the worst FTSE 100 performer closing 521/4 lighter at 1147%p. Volume was a hefty

Sentiment was hit by a press report on static sales of classical CDs hy Polygram, market leader in the sector. EMI also has substantially in response to slightly tial sales in the classical music market and remains sensitive to suggestions of weak sales in the music mar-

ket as a whole. However, several specialists dismissed concerns about the classical music als on its heart attack detecmarket as old news. They continued to focus on a recent sell note issued by

The Schroders note is believed to have valued the puter software products. stock at no more than 1000p. Oxford provides software for

Zeneca dropped 22½ to companies and universities

	Feb 5	Feb 4	Feb 3	Jen 31	Jan 30	Yr ago	High	Low
FT 30	2845.8	2841.6	2837.5	2847.1	2830.8	2738.6	2685.2	2568.8
Ord. div. yield	4.07	4.08	4.07	4.08	4.08	3.82	4.22	3.76
P/E ratio net	17.51	17.53	17.51	17,55	17.48	16,92	17.55	15,80
P/E ratio nil	17.34	17.35	17.34	17.38	17.29	16,71	17,38	15.71

FT	30	hour	ty c	asgnet	
	hoe		00	10.00	11.00

Open	9.00	10.00	11.00	12.00	13.00	14.00	13.00	18.00	High	Low
2844.7	2845.9	2850.8	2855.0	2852.B	2852.2	2850.A	2848.4	2846	7 2857.2	2843.E
			Feb	5 F	sb 4	Feb 3	Jan	31 .	Jan 30	Yr ago
SEAQ b	argains		46,90	20 47	7,163	48,775	42,1	40	39,719	32,073
Equity N	TILONAL	(Onit		. (E.888	503.6	90	6.9	828.0	1798.0
Equity b	argains	ŧ		18	3,330	15,053	17.2	205	15.977	37,857
Shares t	braded (t@m		- 1	228.1	188.7	29	0.2	251.7	626.1

Feb 5 Feb 4 Feb 3 Jan 31 Jan 30 Yr ago 11igh 1127.8 1124.7 1119.5 1119.5 1123.2 1082.3 1140.4

Filses and talls'		52 Week highs	and lows	LIFFE Equity options				
Total Rises Total Falls	632	Total Highs Total Lows		Total contracts Calls	65,346 32,998			
Same	1.825	1		Puts*	32,348			

engaged in chemical, pharmaceutical, and biotech

BOC fell 14% to 948% as investors took profits following a 12 per cent gain in the speciality chemicals group's shares over the past three weeks. There was also talk that HSBC James had turned more cautious but the broker said it remained a 'strong holder'.

HSBC was, however, behind a rise of 2 to 469p for Rentokil Initial husiness services group. The broker raised its recommendation to 'hold' from 'sell'.

Pilkington, the world's leading glass maker, slipped 31/2 to 14501/2 as Goldman Sachs downgraded its earnings per share forecasts hy 15 per cent and cut the rating to neutral. Goldman says that glass price increases announced in the autumn have not held.

RJB Mining lifted 5 to 375p in response to proposals of a 5 per cent share huy-hack from the company.

Shell Transport reached a new intraday peak after ABN Amro Hoare Govett reiterated its 'huv' recommendation ahead of next week's results. The hroker has a target of 1150p for the shares, which ended up 17 at

Turnover in BT rose to a heavy 27m, by far the day's most heavily traded FTSE 100 stock.

The buying sent the shares 13% ahead to 444p as the market continued to celebrate Tuesday's news that the group's joint venture with Viag had won a German digital mobile telephone licence. The group reports third-quarter figures today. Conglomerate Tomkins

appreciated 8 to 288%p after several brokers recommended the stock following a visit to its Belgian

British Aerospace stock came under downside pressure for the fourth consecutive trading session, slipping a further 11 to 1,2381/sp amid worries about reports of a fault in its Hawk jet training

aircraft and also by concerns

about the group's exposure

to sterling's recent rally. British Building and Rogineering Appliances stacked up 15 to 68%p - almost 30 per cent - after Britannia Groop announced it had hought shares at 54kp to increase its stake to 11.8 per cent. Britannia lifted a

penny to 31p. There were three more profit warnings; MS Interna-tional, which fell 4 to 20p. West 175, which fell 15 to 95p, and Nightfreight which dropped 151/4 to 58p.

ELITTIPES AND OPTIONS

= 51%	E 100 INDEX	: FITURES	CLIFFE) C	25 per ful	index poi	nst	(APT
Mar Jun Seo	Open 4270.0 4300.0 4328.0 250 (NADE)	Sett price 4277.0 4296.5 4323.0	+22.0 +21.5 +22.0	High 4288.0 4300.0 4328.0	Low 4264.0 4300.0 4323.0	Est. vol 10127 30 130	Open Int. 59320 4979 1741
Mar	4605.0	4805.0	-5.0	4605.0	4605.0	35	5726

TENE 100 INDEX OPTION (LIFFE) (14280) 210 per full index po

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W EURO STYLE FTSE 100 INDEX OPTION (LIFFE) \$10 per full index point 4125 4176 4225 17712 912 12812 14 8512 23 4212 32 144 4212 11012 59 28012 4912 18412 6212 13112 79 366 78 178 108 28812 10712 23212 135 Feb 17712 912 12812 14 Mar 8212 32 144 4212 Apr 28012 4912 18412 6212 Jun 346 78 Sept 28812 18712 Cada 8.222 Puts 11.377 1

TRADING VOLUME

LONDON RECENT ISSUES: EQUITIES

price				price		Net			IS PIE			
P	UP	(Em.)	High	Low	Stock	Р	+/-	div.	COV.	yld	net	
	P.P.	36.2	5712	4912	BZW Endwird Red	55	+112			-		
<u>6</u>	F.P.	3.25	312	3	†Calidora Group	314				•		•
5-		1,80	ī	12	Calidore Wrts	1				•		٠
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4 6		5.53	4		TJohn Lewis	4				-	- 21.4	,
:	F.P.	B.04	6212		Netcali	5712	-212			-		,
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965	FP	16.0	B012		Parkwood	75	_	RIA	2 1.2	3	Ø 25.1	
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4	F.P.	135			†Sutton Harbour	135	+15	Z1.2			1 188	

1719.90 +0.3 1714.30 2515.96 2004.27 +3.3 1939.80 3538.58 41.18 3553.86 1918.45 1954.01 2927.34 1636.36 2162.20 21.54 2927.34 1952.42 59.92 2186.39 1550.58 1971.20 +0.8 1611,19 -0.9

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FTSE 350 Lower Yield	2204.8				2211.0			2.18	23.06		1550.25
FTSE SmallCap	2319.00				2305.59			1.65	25.90	3.50	1940.51
FTSE SmellCop ex IT	2330.46				2315.79			1.73	23.50	3.75	1984.57
FTSE Alf-Share	2069,61	+0.4	2081.20	2079.80	2087,81	1832.41	3.52	1.94	18.30	2.44	1815.28
I FTSE Actuaries Ind	ustry S	ecto	rs								
		Day's	7			Year	Dh.	Net	P/E	Xd adi	Total
	Feb 5 c		Feb 4	Feb 3	Jan 31		yield%	COVER	ratio	ytd	Return
10 MINERAL EXTRACTION(21)	4184.44	.05	4162 40	4450 P	4164.BD	2221 42	3.41	1.71	21.41	0.00	1834.14
12 Extractive Industries(5)	3774.12				3882.49		4.29	2.67	10.93		1124.87
	4357.93				4310.75						
15 Oil, Integrated(3)								1.55	22.79		1962.76
16 Oil Exploration & Prod(13)	3674.26	+0.0	3653.13	3654.13	3704.58	2012.57	1.41	1.50	45.81	0.00	2227.62
20 OEN INDUSTRIALS(273)	2028,67	+0.1	2027.59	2027.78	2035.34	2026.14	3.79	1.87	17.60	1.71	1136.03
21 Building & Construction(35)	1352.31				1352,89			1.81	25.57	0.44	1155.13
22 Building Matts & Mercha(31)	1867, 18				1870.03			1.39	21.58	0.44	965.21
23 Chemicals(Rb)	2355.76	D.1	2359 09	2348.63	2347.BB	2440.70	4.38	1 44	18.77	0.56	1143.84
24 Otversified Industrials(17)	1499.50	+0.6	1490,83	1495.21	1506.57	1781.18	4.31	2.59	11.23	4.02	869.68
25 Dectronic & Dect Equip(39)	2345.20	+0.4	2334,97	2334.6	2347.09	2289.84	3,33	1,34	27,99	0.18	1245.62
26 Engineering(71)	2605.28	-0.1	2608.30	2613.17	2625.27	2257.A7	3.14	2.34	17.01	3.10	1813.97
27 Engineering, Vehiclas(13)	2930.01	-0.3	2939.77	2926.20	2939.97	2629.17	3,68	1.71	18.86	0.25	1547.69
28 Paper, Pokg & Printing(27)	247B.10	-0.1	2480.68	2481.50	2493.17	2626.73		1.79	15.63		1057.08
29 Textiles & Apparel(14)	1098.35	+0.1	1095.20	1095.30	1098,39	1480.79	6,41	1.28	15.26		893.89
30 CONSUMER GOODS(85)	3853.85	-0.2	3860 05	7805 6	3916.80	2622.00	3.75	1.85		8.23	
32 Alcoholic Beverages(7)	2533.48				2686.57			1.87			1454.36
33 Food Producers(25)	2649.BD				2654.74						986.44
34 Household Goods(17)	2566.96				2663.13			1.78	17.22	5.00	1228.59
36 Health Care(16)	2175.91				2153.11			2.23	14.87	1.06	1076.79
37 Pharmaceuticals(18)	5076.25				6203.01			1.92	24.05		1346.46
								1.73	25.94	0.00	2099.51
38 Tobacco(2)	4061,48				4084,86			2.13	8.20	0.00	1045.90
40 SERVICES(273)	2647.59				2653.73			2.01	21.93	4.97	1408.70
41 Distributors(30)	2663,53				2822,29			2.00	21.09	0.00	1076.58
42 Lecture & Hotels(31)	3464.69				3442.95			2.06	24.18	18.16	1895.26
43 Medb(44)	4286.34				4305.05		2.18	2.14	27.07	3.38	1571.33
44 Rotaliers, Food(15)	2063.51				2035.41		3.84	2.31	14.12	3.05	1345.61
45 Retailers, General(53)	2041.62				2077.37		3.18	2.02	18.39	3.46	1194.63
47 Brewarles, Pubs & Rest (22)	3348.69				3345.60		3.24	2.10	18.39	13.48	1650.24
48 Support Services(56)	2911,21				2882.97		1.72	2.44	29.70		1879.87
49 Transport(22)	2755.70	+0.3	2747.39	2760.18	2780.54	2296.97	3,49	1.24	28.81	6.35	1180.58
60 UTILITIESCO	2703.35	+0.9	2679.85	2652.70	2662.80	2444.57	4.97	1.70	14.80	430	1228.07
62 Electricity(10)	2915.52				2922.59		5.95	2.15			1608.21
64 Gas Distribution(1)	1534.25				1510.69		7.95	0.54	29.20	0.00	
65 Telecommunications(8)	2272.76				2206.94		3.68	1.54	22,13		839.50
68 Water(17)	2506 4B				2519,84		5.94	2.32		0.00	1072.94
69 NON-FINANCIALS(682)	2140.59										1449,67
					2144.11		3.60	1.85	18.80	3.05	1670.97
70 FINANCIALS(107)	3846.BD				3808.71		3.45	2.38	15.14	0.78	1698.33
71 Benks, Retuil(8)	5645.78				5582.05		3.23	2.74	14.15		1699.82
73 Insurance(19)	1710.47				1698.46		4.89	2.30	11.14		1326.18
74 Life Assuranco(7)	4470.59				4382.32		3.48	1.78	20.18	0.00	1900.78
77 Other Financial(29)	3097.31				3097.59		3.27	2.04	18.72	1.32	1811.33
78 Property(44)	1836 01				1823.07		3,48	1.33	27.08	2.25	1161.88
BO INVESTMENT TRUSTS(127)	3293.61	+0.3	3283.25	3273.90	3281.83	3157.02	2,17	1.13	51.19		1167.96
69 FTSE All-Share(\$16)	2069.61				2087.61						_
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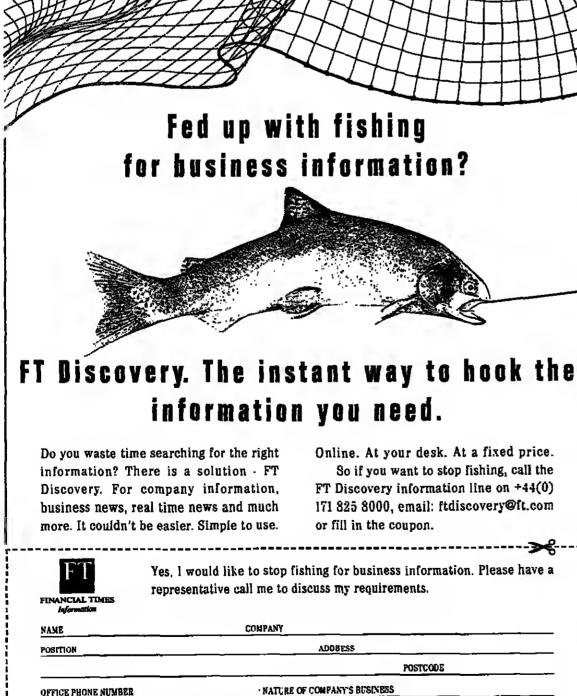
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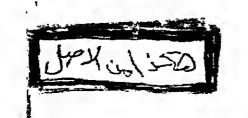
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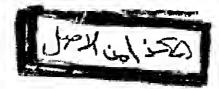


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Lindsay Mr. 0.20 19 224 164 52 5314 6175 | S -MOD ADR 1.72 13 253 65% 65% 65% Abstract 0.68 17 463 264 254 254 -24 Accom 0.64 13 300 164 164 17 +4 Allen Org 0.52 13 11 3914 3914 3914 +14 LinewTec 4 0.20 2710815 4914 4812 4714 -2 Alian Po 3897 13¹g 12⁵g 13¹g +¹2 Alian Po 164 18 89 20¹g 16³g 20¹g +¹g Seleco 1.18 12 2423 3858 377s 38 -58 Linguillox 0.52 14 2 32¹2 32¹2 32¹2 17 2800 26¹4 26¹5 - E -17 2000 264, 26¹8 26³8 - ⁵2 Salicidita 84 18 39% 39% 39% AMO Cato 1.24 8 123 164 154 18 4 90 4 37 37 Sanderson 40.20 368 u19 1834 18 +38 18 179 197₆ 183₄ 193₄ 41₆ 10 2888 61₈ 526 526 11₉ Lone Star 2052 #13 12 12 12 +14 Abene C 5 47 31, 31, 31, Schinogra x0.42 17 377 21 201g 21 +3 22 586 3/4 3/4 3/4 3/4 343953 (2% 40/4 41/4 4/4 ECT Tel 020 18 6173 244, 234, 234, 234, -12 Egypted 1078 54, 47, 47, -7, LTX Co 17 2974 57¹s 55³s 55¹2 -1⁵2 SCI System LVARH 0.64 27 307 515 6132 0112 +38 560 64 5% 518 -la 12 1707 ust & 2012 2812 -1 Schex Cp 0.52 2 2208 11 105g 1634 1.57 19 204 5814 5774 5774 -2 Score Bril 87 2¹4 2¹8 2¹4 +18 Score Bril 1,20452 86 3578 3512 3858 -12 - M -3310337 32 3012 30% Empon Ass SEI Co 0.24 17 1341 20% 20% 20% +18 Eroster Selfon 1.12 19 208 4212 403, 4112 -1 1488 218 212 226 27 376 376 376 76 3690 1614 1712 1712 -18 26 1708 167 17¹2 17⁵8 -18 24 14³8 13⁵8 14¹8 -18 1139 249 21s 227 +.05 EFO Waste 4 180 2¹a 2¹s 2¹s -1¹s Mercam CP Ericans 0.22 3418536 33¹2 32²4 32³4 -1⁴s Marine Dr Marcam Cp Serv Tech 19 361 44 37 42 +3 3322515 16 15 15¹2 +³8 74 51 51 51 51 2 21 222 251 244 2514 Fibid Markel Cp 11 262 U105 97104¹2 +5¹2 Shrived 0.84 25 351 46 4 46 4 46 5 ShTopPair 1694 8 26 74 734 Pears Sth 15 262 19³2 19 19 -3₈ Sharewood 68 2386 63 56²4 57¹4 -5²6 629 5²4 5 5 -¹6 2713514 53²4 47²6 50²4 -3 181 1312 127 127 127 38 575 197 194 194 194 Showbiz P Priche Flec 1112 1512 147 1474 14 Marie Ht Expedit | 0.08 28 1220 (2514 2212 2414 +114 Maxim lot 48 1875 84 82 64 4 24 1100 75 74 74 74 McGrato R 058 13 76 128 2612 27 12 17 345 u38 2 374 38 +14 McCorrelet V (150 45 1168 25 245 241 4 3 Melamine 17 74 9 85 6 41 Mentor Co (110 27 5099 297 28 283 1 1 SMCHVGp 14 7693 2514 2312 2374 -114 Simpson 0.40 11 525 107₈ 101₂ 101₃ +15 StrEst 2 8 13 12 13 +15 18 9518 10 94 93 -12 184 67 5.89 64 +16 Mercant 1:04 15 1629 u345 3312 34 +1a Mercant 4 2284 121a 107a 107a -15a . 22 821 334 333 324 12 31 194 1612 1914 +34 Fest Cp Southest 1.00 13 4403 37% 37% 37% 37% +1a 0.02 44 3363 49 27% 36 1% 225 600 7 634 634 -74 1888 24 133 133 -1 Stringel A PAP best 53 384 35 34²2 34⁵1 ⁻¹6 Patrifferd 1.18 24 3471 u78⁵1 77¹2 78³1 + ⁷6 DIP left 145 1335 1212 115 115 -3 Spyritus 145 1335 12¹2 11⁵2 11⁵2 St PaulSc x 0.40 14 876 24¹4 23³4 23⁷2 7 988 67 612 84 4 712 12¹2 11¹4 11¹4 1¹4 11508 20¹4 23 20¹5 25 20¹5 12¹4 11¹5 Figgle A 3320736 20 195 195 4 88 8475 384 3512 354 44 Flore Arm 1 24 18 2584 68 67 4 612 -12 Std Micro 4 1382 65 d63 83 34 3 30 1721 124 117 124 -2 Per Secty x 0.92 15 1779 1/36 345 345 -15 Steel Tec 0.19 19 407 114 10% 10% Pat Secty x 092 15 1779 136 342 345 12 12 18 Micrystk
Pat Teen 1.20 15 3650 4212 4112 4112 -1 Micrystk 530 53 5 516 51113729.00312 967 983 -434 36 301 123 12 12 -3 State 0.50 7 177 197 105 195 StraubrCl 1.19 54 15% 14% 15% +% Flow Int 1274 H 13 4 -12 22 3863 235 2212 225 -13 PoDa/STI Fredit 011 2212743 82 82 82 MobileTal 22275 7% d6 612 -12 Modern Co x0.24 15 9 10.72 19¹4 10.72 +1²4 Modern Mf 0.68 13 444 29¹4 28 28¹4 Sulform 0.20 18 59 131 134 135 18097 29¹2 28 28⁷2 +2¹4 18 18 3¹2 3¹2 3¹2 FORESY Swinkowe 0.80 ts 8 28 28 28 -112 Forter A Summit Te 3328 74 63 612 -72 Fat Flat 0,60 19 305 125% 25% 25% Michael DOS 23 1864 3612 3412 35 -18 8 27 23 24 Sun Sport Fet Hampi 1.24 12 1005 3414 32% 33 14 22110901 3376 3174 3256 +15 SONLING Montom 377 73 7 71 -2 Mainten 4032 14 785 35 57 38 +3 23 503 2512 25 2514 +14 FultonPin 0.80 15 149 125 2414 2414 9364 1634 1734 1732 MTS Syn 0.40 13 4 21 21 21 -4 18894 175 163 1615 -26 Mycogen 1986 281₂ 261₄ 281₄ +21₄ Sanic Pat 15 25 37 36 38% - 4 Sweet F 0.80 17 130 24¹2 23¹2 23¹4 - 5 Bay Yew 0.64 34 1383 55¹4 54 54²5 + 7 Synalloy 0.38 14 164 17 15% 15% -% 93 561 4812 4678 4674 -58 51 34 3,4 312 SystemSoft 0.19 1328 1034 1012 1016 -16 GM ADD CEX Serv 0.07 28 335 344 324 33 27 1480 2014 1914 1914 -12 Bennetos 0.42 19 492 184 1712 1712 -1 4 42 212 25 23 -3 Much Frich 0.12 12 80 21% 21% 21% Benklary 21 221 12¹s 11⁵s 11⁵s -¹s Benklary 0.52 14 727 50 48³s 50 +1⁵s Nat Compt 0.36 18 5371/2634 2514 2512 -34 8bssn2000 1731529 584 547 5592 -278 Ntre San 0.13 20 396 174 164 17 - T -BHAGD 4 012 15 8 1712 1714 1712 +14 Get Co T-Cell Sc 211 133 112 112 T.Rows Pr 0.52 26 1176 431 41% 423 +14 12 331 12& 12¹2 12¹2 +1 NeScut 28 7244 175 17¹2 17³3 TBC Cp 832238 4812 4514 4514 -152 13 581 B¹2 77₉ 6 2000 4th 4th 4th +th Netscape 15124586 363 353 384 -12 TCA Cable 0.64 21 27 3014 30 30 -12 | Bernet | 0.40 17.6793 15¹2 15¹2 15¹3 15¹4 14 | Bitch Drg | 1.24 17 | 53 c42¹4 46¹4 47 1¹4 | BMC Softw | 2932460 | 43 36¹4 41¹2 1¹5 28 1787 19¹2 15¹4 19¹8 -3 Netak San 28 9005 28¹4 25¹8 27 -7 42877 135 134 133 448 | Secretary | 20 | 174 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | TO GOA 18 8651 23 8 22 8 22 2 1 Bob Everte 0.32 28 1552 13% 13% 13% 13/2 -/-120 19 47 552 542 542 4 Book & 8 24 314 274 2612 2614 1694 223 214 22 4 5718 51 51 51 41 20 9 60 294 2153 15% 1212 1212 -1% TellomALb 5320 1938 18 1839 +14 4420128 4378 4038 4158 -78 77 315 17% 16³z 17% +³z Telhou 761 70% 10% 10% MANDER 072 19 8443 n454 434 434 858 Brico 1.00 11 434 832 30 30% +112 Tetra Tec 30 473 28 4 27 27 -78 5 5524 3312 3214 3314 -TownPoADR 0.18 43 7186 5614 55 55 55 GooddePeop 0.50 14 756 25¹2 25¹2 25¹2 3327901 12¹8 11⁵8 11⁵8 -38 391826 591₂ 533₄ 547₆ -31₄ Grados 9 0.00 8 84 33 332 352 13 7333 7712 724 75 -212 304 31- 27 5 11-Brander 0.24 14 199 2412 24 24 14 414 274 254 2512 15 NPC Int 79 251 10% 105g 105g Green AP 0.16 9 164 9 812 634 +14 Butteridg 0.48 11 72 32 31 374 18 42 25 25 25 11 202 64 5% 5% 4 BENT Seg x 0.20 18 511 1432 14 14 44 TJ 184 0.22 22 1051 194 1812 19 +1 - 0 -- C -Dynamics 18 5088 223 21 2 21 2 34 Todd-AD 0.06 78 84 97 919 912 16 OCharleys 16 276 14 1312 1312 +18 48 485 254 247 247 -4 Tokyo Mer 0.31 17 11 4412 4358 4412 -12 Octo# 17 2960 17% 174 174 -24 CadrusCom0.20 22 571 163 154 164e Tom Brown 498 1614 205 187 1915 -12 21 213 2012 1814 1912 -78 350 1626 10% 10% 10½ +14 7 11½ 11½ 11½ 1½ 512 4¼ 4½ 4½ ½ - H -3345 4712 74 712 +3 HirdingLaw 875 1001 67 64 64 Odletov N 1,40 8 23 43 42 4 42 4 -4 Continum 22 71 67₈ 65₈ 65₈ -3₈
Continum 5128 53½ 43½ 53₁ +3₈
Continum 5128 53½ 43½ 53₁ +3₈
Continum 10 49 29 69 1051043,1043₁ +3₄ 832 7월 738 712 년 281 4월 42 4월 년 Harlevyol 0.84 15 1607 30¹2 29⁷6 30¹4 + ¹4 Harper Sp 0.24 17 585 23 22³6 22³6 - ²6 OttoCa 1.60 13 317 39 3734 3812 -18 1.36 14 1781 14918 4812 4812 44 Trematck 124 TO 175 50% 40% 20 34 HEO & Co 008 5310516 644 835 84 0.92 18 46 36% 36% 36% CartenCos 0.57 22 61 46 65% 45% 45% 45 CascadeCos 18906 38% 636¹/₂ 36⁵/₈ -1⁵/₈
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Penn Wing 1.80 17 4 43 4 43 4 43 4 1 1 4 Valmont 0.40 18 81 393, 391, 391₂ 14 22 4445 29% 28 28% -112 23 567 48% 47% 47% -17% Persect 1 360 1¹2 1³8 1²4 +¹6 Persect 1 020 33 5 16³4 18³8 18³4 -¹4 2511499 21 4 1974 20 14 98 393 14% 14% 14% -3 0.60 12 418 14% 14% 14% Cottigen 0.20 5 402 21 1 10 14 1976 14 Cont San 1.30 11 68 22 21 21 12 14 Cottigen 0.20 12 4932 20 12 19 12 20 14 PeopSmiCt x0.86 17 595 u3334 3254 3334 +12 0.36 6 15 1914 19 1914 +1 15789 97 84 912 6073 19¹8 17³4 18 -18 111 444 2512 2514 2514 47825 52 4312 4514 -012 3021468 18¹8 17 18 + 3 70 計 報 計 CITERIA COB 7540 157 181 181 +1 25 2355 16³4 10¹5 10³8 + ¹4 1,12 28 14 48 46¹2 47¹4 + ³4 105 124 114 124 +4 0.20 2712344 163 15515714 -712 20 2243 137₈ 135₈ 133₈ -1₆ 2003 44 4 44 -16 Commission 15 641 4712 461, 4611 +12 PETSMARIT 10736 2232 2115 2114 -72 3516445 17 161₂ 183₄ -1₂ 18 2199 157 1512 157 2921 274, 254, 254, -14, 1216 35, 434, 3,2, +1, 2347 107, 1014, 1014, -1,2 61 927 2712 28 2658 +38 Volvo 6 0.50 1602 2372 2373 2373 14 0.26 17 1011 2014 1912 1934 -34 27 842 164 184 157 4 2047 812 8 8 PhysCpAm 1110 104 104 103 860 24 24 24 24 921 16 143 14% -5 21 6519 20 18 19 19 2 + 72 20 157 19 95 19 +1 - W -57 512 514 614 +13 Planes 60 0.40 35 114 23¹2 22¹6 23¹2 + 16 14 1195 12% 12% 12% 12% 2852 2212 2214 2212 +1 14 1431 154 154 154 4 Wang Lab PloneerSt 0.12 14 547 151₂ 15 151₂ +1₈ 13 64 203 20 20 -4 Warmtach 32 1894 113₂ 10¹2 10⁵8 -32 Cooms 0.50 19 1273 19 18¹4 18¹4 - ¹2 Copyrine 1360 8⁵2 6²4 8⁸4 - ¹4 35 1542 15³8 14³4 14³4 - ¹8 47 3026 17³2016³4 17 - ¹4 Phor Weshfast 2 1.00 15 6980 54% 53 534 -14 beactre 0.08 20 643 264 2512 25% -12 antidado 1,05 23 31 169 d187166% -5% Consisten (55) 11 208 52% 32% 32% +4 Westerneth 0.31 1096 u2434 24 2438 PLOTE 8 543 75 74 74 4 8983 B4 674 7% 42 Wapsau PM 0.25 15 243 1914 185 1812 -1 Proceduk 4 0.08 6 179 2078 2012 2014 +1 WD-40 248 18 275 52 50% 51 -34 Cracker 8 002 25 3595 27% 27% 27% -18 13 B5 137 1312 1312 -7 Creditech 15554 137 197 187 -7 Werner En 0.10 16 676 1779 1714 1758 4 14 路 品 品 Crown Res 105 84 54 6 Watern Bac u1.04 15 334 80 69 5912 +12 JEJ Stack 22 450 13²4 12²5 12⁷2 - Pres Life 0.18 8 373 14¹2 13⁷2 13⁷3 - 18 41 315 174 184 197 -3 WhatpStA 18 4950 311₂ 31 31 +14 Jacon Inc 12 216 634 612 634 +14 Presetsk 171 603 68¹2 66 67 -1 561 1012 54 84 -12 Cyberord Wet Stalk 19 3778 213 20 2038 -5 Johnson W . 4 1314 1212 1314 +14 Pr/Cost 2319222 255 254 2612 +4 8443 25° 244 25 -1% 111 912 694 97 31 3093 217 2112 215 16 Wilming 1,24 18 1628 0 d0 63 ¹2 Jones Int 1847 组 组 税 林 WreScroma 177 2372 3213 31% 31% 44 Jones Hed 0.05 73 3400 37% 35 38% +1% 18 123 153, 154 153 +1 JSB Fin 4 1.40 14 364 37 2 36 36 36 - 78 Prod Ops x 0.28 27 105 494, 484, 46 - 79 Juno Lig 0.32 14 454 18 15% 15% +18 18312221 55% 53% 54% -15 Workloom 27544107 251- 24% 24% 23 262 40% 40 40% -10 0.16 13 1608 1238 1034 12 +1 Coast Food Worthings 0.48 21 2389 20 195 195 4 2251165041¹2 30¹4 39⁵3 +14 2784 23 213 223 -12 WPP ADR 0.10 22 89 40 2 40 46 +4 15 758 254 2412 254 4 Dart Store 0.13 55 35 91 2 94 2 +2 1 Oniciality Wyman-Gán 0.40 28 1928 207₈ 201₄ 201₂ -1₄ 80 4120 773, 743, 76 -3 - K -87 452 2312 2214 2214 14 K String 0.06 63 71 4 10 4 10 12 +3g DamphinOp 1.20 17 1409 041 % 41 4 41 4 -X-Y-Z-Kaman Cp 0,44 12 517 1312 127 1314 Deb Stores x020 58 41/2 41/2 41/2 Kelly St 0.64 14 . 478 · 28 26.99 27 -12 Decado Ge 0.28 54 237 84% 65% 65% -58 2522052 4414 421/2 43 13 128 1834 18³2 1834 +1-8 Nested 1.04 15 121 40% 35% 40 +14 Reinbow Deichemps 0.44 36 89 21 4 20 4 21 4 XIrcom 49 9077 20% 27% 37% -12 1.04 15 121 40% 33% 40 44 18 1818 15 121 40% 33% 40 48 1818 15 121 40% 35% 40 48 1818 15 1818 16 1818 KLAINSE 2561741 5412 5574 5214 -312 2002 514 514 512 14 0.37 20 752 50¹4, 50 50 J4 Koll A 27 15 8¹2 8 8¹2 + ¹4 Komaçi 575 174 154 17 +1g Кортов 20 403 104 97 104 +4 . 10045 251g 23 231g -17g Read-Rite 37520 30% 27 27% -2% Zionellinh 1.76 16 880 u1241191212312 +212

Dow up as Wall St Bourses score 10 all-time highs deal lifts sentiment

Morgan Stanley, the US day. investment bank, and Dean merge to form the largest of \$3% at \$150% in IBM. At US, sparked sharp rises in higher at 6,845.80 while the the securities sector, urites more broadly traded Stan-Lisa Bransten in New York.

mixed at midsession as the technology-rich Nasdaq composite slipped while other the Nasdaq was off 9.31 at solid sales growth for 1996. sectors were mostly flat.

Shares in Morgan Stanley \$64% and Dean Witter added \$1% or 5 per cent to \$40%. The announcement also led to gains in a number of Smaller securities companies cent. seen as possible merger candidates. Donaldson Lufkin & Jenrette added \$2 at \$39%. Bear Stearns gained \$11/4 at Edwards rose \$2% or 6 per

Group, which had risen more than \$11 since mid- Street in a morning of solid

The announcement that date, slid \$% to \$35% yester-

Blue chip shares in the Witter Discover, the broker- Dow Jones Industrial Aversecurities company in the 1 pm tha index was 12.32 789.01. NYSE volume was 297m shares.

In early afternoon trading 1,364.44 amid losses in both the large and small capitalisjumped \$71/2 or 13 per cent to ation components in the index. The Pacific Stock Exchange technology index, which include both Nasdaq and NYSE shares, fell 1.4 per

All four of the largest companies oo the Nasdaq were lower. Intel lost \$4% at \$160%, Microsoft shed \$2% at \$33%. Charles Schwah \$100%. Cisco Systems, which climbed \$1% at \$38% and AG reported quarterly results just ahead of estimates on Tuesday, shed \$2% at \$64% Meanwhile, PaineWebber and Oracle lost \$\% at \$39\%.

January on speculation that two-way trading but was it might be a merger candi- marginally lower at midsession. At the noon calculation, the 300 composite index was off 1.57 at 6,143.84.

Banks were the best perage house, had agreed to age were restrained by a loss forming sector with Royal Bank of Canada gaining 35 cents to C\$51.75 and Toronto-Dominion Bank advancing 50 cents to C\$38.85. Oils and dard & Poor's 500 lost 0.25 at utilities were the most notable sector laggards.

Lafarge rose C\$9.80 to C\$346.30 following news of Barrick Gold dipped 40 cents to C\$35.70 after weak fourth

SAO PAULO was higher as preferred shares of CVRD climbed 5.2 per cent to R\$27.35 on continued hullishness over the mining giant's forthcoming privatisation. The Bovespa index was 665 higher by midsession at

CARACAS moved ahead reported quarterly results steadily from the outset after a decline in money market rates sparked an improve ment in investor sentiment. TORONTO tracked Wall At midsession, the IBC index was up 44.59 at 6.418.61.

Firm rand powers South Africa higher

Buoved hy a firm rand and among resource stocks and rency strength also sparked talk of an end to exchange controls in next month's budget, the Johannesburg Iscor, gained 25.2 to 8,133.4. stock market continued to power unwards.

38.1 better at 6.804.1, thanks talk of an early end to R340 for iscor, the steel proto strong performances exchange controls. The cur-ducer, on lower profits.

the banks. Industrials, held back by a beavy fall for The rand broke through the R4.50 to the dollar level

speculation on a cut for interest rates. South African higher at R124. The main blight on the session was a The all-share index closed at one stage amid persistent fall of R21 or 7 per cent to

EMER	GING M	ARKETS:	IFC WEEK	LY INVES	TABLE PR	ICE INDICE	S
			Dollar terms			ocal currency	
Market	No. of stocks	January 31 1996			January 31 1996		
Latin America	(250)	586.80	+1.3	+9.1			
Argentina	(31)	1,023.54	+4.a	+7.7	627,769.43	+4,8	+7.7
Brazil	(68)	440.09	+2.2	+11.0	1,721.48	+2,4	+11.7
Chile	(45)	679.53	+1.3	+9.6	1,144.11	+1.1	+8.5
Colombia ¹	(14)	684.27	-2.2	+8.1	1,289.13	+0.a	+14.3
Mexico	(64)	574.52	-0.6	+8.5	1,936.71	-0.6	+7.8
Peru ^z	(19)	212.05	+0.9	+7.8	342.47	+1,4	+9.€
Venezuela ³	(9)	707.75	+1.4	-2.a	7,724.05	+1.5	-3.1
Asia	(711)	261.18	-0.4	+3.3			
China ⁴	(27)	73.08	+0.5	-0.9	76.50	+0,5	-0.9
South Koreas	(156)	79.84	-0.3	+3.4	90.69	+0.6	+5.8
Philippines	(42)	312.31	+3.0	+6.4	397,53	+3.0	+6.8
Taiwan, China	(90)	159.80	+0.4	+4.3	164.55	+0.3	+4.0
India"	(79)	85.11	-2.0	+8.0	108.43	-1.9	+8.2
Indonesia*	(49)	137.38	+2.1	+7.6	177.35	+2.2	+8.3
Malaysia	(148)	344.19	-0.6	+2.2	315.77	-0.a	+0.6
Pakistan ^a	(28)	233,44	+7.2	+16.3	426.44	+7.2	+19.3
Srl Lanka ¹⁰	(5)	97.04	-0.1	+2.1	122.14	+0.2	+3.6
Thailend	(87)	208.34	-8.8	-5.9	214.40	-8.4	-4.9
Euro/Mid East	(264)	149.87	+1.3	+11.6			
Czech Rep	` (7)	71.09	+0.8	+1.3	65.55	+0.8	+3.2
Greece	(54)	289.70	+5.9	+19.5	505,66	+6.9	+24.9
Hungary"	(12)	246.86	+0.9	+25.5	503,98	+1.7	+31.7
Jordan	(7)	186.82	+0.1	+0.1	279.11	+0.1	-0.1
Poland*	(13)	784.65	-3.7	+7.2	1,483,20	-3.2	+12.5
Portugal	(58)	158.66	-0.1	+8.6	179.05	+0.7	+14.8
South Africas	(63)	214.38	+0.7	+2.6	202.13	-0.3	+0.3
Turkey	(58)	233.74	+3.2	+57.2	12,756,12	+4.6	+67.3
Zimbabwe ¹⁵	(5)	550.21	+0.1	+16.2	888.89	+0.7	+17.8
Composite	(1225)	315.42	+0.6	+6.9	000.00	TU\1	711.0

Indices are calculated at and-week, and weekly changes are precentage movement from the previous Friday. Base date: Dec 1988-100 except those noted which are: (1)Fab 1 1991; (2)Dec 31 1992; (3)Jen 3 1992; (5)Jen 3 1992; (5)Jen 3 1991; (7)New 6 1992; (6)Sep 28 1990; (9)Mer 1 1991; (10) Dec 31 1992; (11)Dec 31 1993; (12)Dec 31 1992; (13)Dec 31 1992; (14)Dec 31 19

market reopens today after yesterday's local religious boliday, writes Farhan Bokhori. The KSE-100 index bas risen by a little over 7 per cent this week, mainly in response to the victory of Mr Nawaz Sharif, a businessman turned politician, in Monday's general

election. Mr Sharif's remarks that his Pakistan Muslim League party would introduce economic and tax reforms bave added to the optimism. Many investors credit him for the country's economic reforms of the early 1990s when foreign buyers were allowed for the first time to invest in local sbares with-

out any restrictions. According to Mr Nasir Bukhari, head of Karachi's Khadim Ali Shah Bukhari brokerage: "The market is jobilant over Nawaz Sharif's victory. Investors see this as the most important sign for husiness confidence". The relief also reflects expectations

Pakistan's share prices are expected to con- of political stability in Karachi. The city. tinne this week's impressive surge when the also Pakistan's business capital, was paralysed for almost two years hy the armed struggle by the Mohajir Qaumi Movement, a local ethnic party, against the government of Ms Benazir Bhntto, the former prime minister.

In spite of the optimism, the Sharif government will remain under pressure to cut Nikkei 300 3.64 to 258.06. government expenditure and reduce Pakistan's fiscal deficit as one of the important conditions of an agreement with the IMF.

Further cuts in the government's bodget will hit expenditures on development such as roads and electricity, and make it difficult for the new government to introdoce new incentives for industrial growth, analysts say. However, brokers such as Mr Bukhari expect this week's recovery to continne. "Last year's downture carried on for so long and the fall in share prices was so sharp that a recovery may continue for several months," he says.

More strength in the dollar, and a growing conviction that interest rates would remain steady, took 10 conti-

FRANKFURT looked for leadership, saw that its chemicals sector had barely moved in two months, and lifted the sub-index by 2.6 per cent as the Dax peaked 47.25, or 1.5 per cent higher

DM12.1bn to DM12.9bn. Bayer led chemicals with a gain of DM2.92 or 4.7 per cent at DM65. Mr Andreas Schmidt, chemicals analyst at BZW in Frankfurt, noted that the big three topped the Dax 80 performance charts in 1996, and ranked very high in Europe; he saw yesterday as sector rotation following the big January gains

and construction stocks. Among individual stocks. restructuring gave Luft-hansa a big lift, the airline gaining DM1.15 or 5.2 per cent at DM23.35.

in German banks, carmakers

PARIS kept in step with leading bourses, pushing the CAC 40 comfortably into new high ground with a rise F12.30 to F1124 and Aegon of 38.18 or 1.5 per cent to gained Fl 1.50 to Fl 115. Weak 2,541.25 in heavy two-way

Banks bounced off a firm bond market, Suez adding to F155.60. FFr7.50 or 3 per cent to

FFr5.30 to FFr221. Elf, up FFr30 to FFr578, had a Merrill Lynch stance upgrade as well as the firm dollar to Feb 5 thank for a 5.5 per cent Housey changes surge.

nental hourses to all-time Strong 1996 sales left Carrefour FFr96 higher at FFr3.358 and a similar story prevailed at Skis Rossignal which surged FFr12.60 or 8.4 per cent to FFr164.5.

Havas continued to benefit from talk of a restructured media aector, adding at an Ibis-indicated 3,114.73. FFr17.80 to FFr449 for a gain Turnover rose from of 11 per cent in three days. Accor fell FFr9 to FFr749 after Paribas downgraded tha stock from "buy" to "no action, fair value".

AMSTERDAM registered an all-time high with the AEX index 9.27 better at 689.49. Royal Dutch rode up on the strong dollar, Heineken bounced on earnings hopes and a good day for bonds sent financials sharply higher. Heineken jumped Fl 9.50 or

3.2 per cent to F1307 after a press report sparked hopes that the brewer's earlier forecast of lower profits for 1996 had been too pessimis-Royal Dutch gained F18.40 to F1331.60. ABN Amro rose

third quarter loss, KLM rallied strongly, adding Fl 1.70

on Tuesday on news of a

FTSE Actuaries Share Indices Open 10.30 11.00 12.00 13.00 14.00 15.00 Close FTSE Eurobrack 100 2074.72 2076 58 2077.51 2079.15 2079.74 2080.22 2080.12 2081.22 FISE Euroback 200 2112.17 2114.31 2114.57 2118.64 2120.40 2118.84 2118.73 2120.24 Feb 3 Jan 31 Jan 30 Jan 29 Feb 4

2063.25 2055.31 2045.32 2033.21 2098.08 2069.49 2090.41 2068.75 2066.78 2104.97 FISE Eurotrack 100 FISE Eurotrack 200 Base vater 1000 (287/090), Hightisy 100 - 2001.02; 200 - 2123.45 Lowithy: 100 - 2014.72 200 - 2111.97 † Padial. O FISE biocadoral Limited 1987, All rights encoved.

session, in spite of some late

the US food and heverage company. Tastemaker, quietened recent speculation that the Swiss group planned to sell its own fragrances and flavours division. Mr Mark Tracey at Goldman Sachs said that the purchase reinforced Roche's policy of strengthening its businesses selectively. It also showed that the group was strong enough not to be distracted by the sort of spurious rumours of buge acquisitions that, recently, had been doing the rounds of the

The big three banks outperformed as news that they would set up a SFr100m fund for holocaust victims prompted hopes of an easing of tensions with the US Jewish community. UBS rose SFr17 to SFr1,219, SBC SFr6 ZURICH extended its to SFr274 and CS Group 75 FFr260 and BNP gaining record-setting run to a fifth centimes to SFr147.75.

financial community.

MILAN closed at the day'a profit-taking and the SMI highs, heiped by the governindex finished 9.0 higher at ment hrokered agreement between the metalworkers Roche certificates gave up and employers after their of its \$1.1bn acquisition of and also looking forward to good figures today on investment fund inflows.

The Comit index rose 10.05 to 786.84 while the real-time Mibtel index added 225 to 12,636, unphased by speculation over the timing of Italy's entry into the single European currency. Among the hanks, BCI

added L215 to L3,563 on expectations that restrictions on stake building could soon be removed. Mediobanca rose L416 to L11,330. The recently neglected Eni, the energy group, picked up L304 to L9,216.

Teiecom Italia rose L183 to L4,695 while Stet, into which it is to be merged, was L113

MADRID, like Milan, was undismayed by the Emn speculation, the general index rising 6.59 to 469.68. Mr James Cornish, European strategist at NatWest, sur- Jeffrey Brown

mised that even if the peseta did not make the cut, the components of the convergence argument might well

remain in place STOCKHOLM, COPEN-HAGEN and HELSINKI all peaked, but OSLO watched the Norwegian krone firm against both the US dollar and the D-Mark, weakening leaders like Norsk Hydro and Saga Petroleum, and the total index closed 4.46 lower

at 1,066.08. The main Swedish feature was a 2 per cent gain in for-SFr155 to SFr12,130 as news iong-running pay dispute, estries, aided by a sector of its \$1.1bn acquisition of and also looking forward to upgrade from Salomon Brothers. The Affarsvärlden General index rose 22.6 to 2.593.0

Danish banks were good. Unidanmark putting on DKr6 at DKr356 as the KFX index closed 0.79 higher at 151.55. The Finnish cranemaker. Konecranes, leapt FM18 or 11.1 per cent to FM180 on better than expected resnits while the Hex index gained 27.44 at 2,796.76. LISBON was swept 26 per

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cent up to a record close, led by telecommunications stocks on expectations of strong profits in the sector. The PS120 index rose 146.68 to 5.988.33 as Portugal Telecom jumped Es410 to Es6,100 and Telecel, the mobile telephone operator, jumped Es779 to Es13,469.

Written and edited by William Cochrane, Michael Morgan and

Tokyo rattled by fear of NC Bank crisis

Fears of a financial crisis at TOKYO, The Nikkei average ground on short-covering and buying of leading elec-Annells

This prompted speculation

per cent.

12.14 to 1.369.05.

year of Y177 as loog-term stop-loss selling. NCB issued

been improving steadily, but the shares still ended Y35

Nippon Credit Bank rattled lower at Y181. dropped over 2 per cent at month lows, industrial Bank one stage before recovering of Japan fell Y60 to Y1,490,

tricals, writes Jonothon The 225 index fell 128.36 to at Y1,260, Sumitomo Bank 16,165.97 after trading Y50 at Y1,290 and Sakura between 17.901.46 and 18,307,35. Activity was dominated by the hanking sector stocks saved the day, buoyed after a brief report in the by the prospect of improved morning edition of the export earnings as the dollar Nihon Keizai Shimbun that

the gap between the yield on time in four years. Nippon Credit Bank's fiveyear debentures and those of the Industrial Bank of Japan, at 2.48 per cent, was now wider than ever.

that NCB's operations might another bank within a matter of months, brokers said. Those banks considered most likely to assume the burden were also sold off, compounding profit-taking pressure after the strong rally on Tuesday, and driving the sector down by 3.2

Volume slipped from 397m shares to an estimated 381m. Declines overwhelmed advances by 942 to 179 with 125 unchanged. The Topix index of all first section stocks shed 20.34 to 1,355.40, and the capital-weighted

After hours, NCB said that talk of its coliapse was "groundless". In Londoo, the ISE/Nikkei 50 index rose

Trade in NCB was three times the volume of the next most active stock. Daido Steel Sheet, It niumbed a new iow for the financial investors were panicked into a statement claiming that its

husiness conditions bad on foreign buying ahead of a Euro-debt. The company monwealth Bank rose 21 99 per cent lift in third quar-

Three other banks hit 13-Long-term Credit Bank of Japan Y40 to Y420 and Hokkaido Takushoku Bank Y20 to Y143. Fuji Bank lost Y70

Bank Y35 at Y686. High-tech electronics rose to Y123 for the first

Sony jumped Y90 to Y8,220

ter pre-tax profits, and Pioneer Electronic added Y40 at

In Osaka, the OSE average volume of 24m shares.

BANGKOK moved iower in beavy volume on worries about the baht and news of an interest payment default hy a property company. The SET index lost 20,83 or 2.7 per cent to 744.59 on turnover of Bt4.6bn.

ficulties resurfaced when Somprasong Land missed a

decline in the Thai property market for its cash crisis. Banking stocks fell more

than 3 per cent and the dropped 245.19 to 18,964.82 in finance company sector retreated 5.6 per cent. Thai Farmers Bank fell Bt2 to Bt115 and Krung Thai Thanakit Bt5 to Bt45.

SYDNEY closed sharply higher in futures-led trade. The All Ordinaries rose 26.7

or 1.1 per cent to 2,435.6. The absence of an interest Rumours about financial rate cut sent the March companies facing trading dif- equity futures contract shooting ahead and the cash

cents to A\$13.11 and ANZ 6 cents to ASS.16.

HONG KONG eased itself into the Chinese New Year holiday on a positive note, with strong banks and conglomerates helping the Hang Seng index up 112.07 at 13.660.50.

BOMBAY put in an early rally on comments by the prime minister that this month's budget statement would include market

friendly measures. However, the market was unable to hold on to the gains and by the close the market followed suit in thin BSE-30 index was down 22.91 \$3.1m payment on \$80m of volume, dealers said. Com- or 0.7 per cent at 3,354.72

A LANDMINE DOESN'T CARE ARNIIT ITS VICTIM NN YNII?



This week Diana, Princess of Wales, is visiting Angola to meet victims of landmines and to discover how the Red Cross is belping and supporting victims and their families

But the problem is not unique to Angola, All over the world landmines are indiscriminately killing and maining innocent men, women and children.

Landmines must be stopped. In the meantime the Red Cross is helping to care for the vicoms, providing life-saving surgical and medical aid. We also provide false limbs for those injured in landmine blasts, as well as long-term rehabilitation and skills training to help them support themselves and their families.

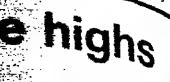
This is where you come in. If you care, please give as much as you can to The British Red Cross Vicoms of Landmines Appeal Just £25 could help an amputee to walk again. Please return the coupon with your donation or call 0345 315 315 now, You can help save lives.

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FT/S&P ACTUARIES WORLD INDICES

- TUESDAY REBRUARY 4 1997 -MONDAY FEBRUARY 3 1997 ---- DOLLAR INDEX ---

Show number of wies Do	mar Char	ige sterin	g ren	DM	Currency	7º chg	Div.	Dollar	Sterling	Yen	DM	Currency:	32 week	52 Week	ago
of stock inc	ex %	Index	Index	Index	Index	on day	Yield	Index	Index	Index	index	Index	High	Low	(approx)
Australia (76)21	1.57 -1	.3 193.7	5 163.38	180.55	184.41	-0.S	4.13	214.38	187.18	165.02	183.11	186.01	224.61	188.44	199.13
Austria (24)18).2 168.2	4 141.88	156.78	156.71	-0.3	1.82	184.05	169.29	141.87	157.20	157.12	195.04	174.70	157.32
Belgium (26)).59 -(1.3 211.1	B 178.08	196.78	192.64	-0.3	3.35	231.25	212.70	178.00	197.52	193.30	233.47	203,84	215,35
Brazil (28)21		1.2 198.7	1 167.57	185.17	417.81	0.3	1,48	216.62	199.25	186.74	185.02	416.80	216.98	147,48	170.25
Canada (114)20	.24 ().2 184.3	0 155.42	171.74	196.59	0.1	1.87	200.91	184.80	154,65	171.60	195.47	201.62	153.61	157.18
Denmark (32)36	1.92 (1.5 334.1	S 281.82	311.42	310.94	0.5	1.41	363.06	333.94	279.46	310.10	309.49	365.15	291,30	299,20
Finland (28)25		1.1 237.1	1 199,96	220.96	265.78	0.1	1.87	258.61	237.67	199.08	220.88	265.66	262.72	174.47	185.52
France (92)21					188.51	-0.2	2.60	216.78	189.38	166.88	185.14	188.82	218.06	182.60	186.38
Germany (59) 18		.3 173.8					1.53	189.23	174.05	145.65	1S1.63	1S1.83	191.17	164.47	170.45
Hong Kong (59)50		.7 458.1	3 386.34	426.91	497.72	0.7	3.12	496.68	456.84	382.31	424.23	494.1S	S14.49	402.53	447.68
Indonesia (27)24	1.13 -2	.0 220.8					1.52	246.04		189.38	210.1S		-	-	-
Ireland (16)32					288.42		3.17	328.90	302.52	253.1S	2B0.92	290.76	333.22	254.35	258.12
italy (58) 8		2 85.4					1.85	92.20	84.90		79.75	111.76	96.32	70.81	78.62
Japan (480)11		L3 104.5					0.68	113.84	104.71	S7.63	97.23			111.96	152.71
Malaysia (107)62		.3 576.2					1.03	627.58			536.03		629.21	511.96	
Mexico (27) 132			4 1028.15				0.97	1324.80	1218.54			11327.00		1046.55	1211.53
Netherland (19)33		J.B 303.0			278.50		2.65	328.42			280.51		336.15	274.35	
New Zeeland (14)							4.08	91.09	83.76	70.11	77.80	70.25	95.60	75.94	80.31
Norway (41)	1.57	4 292.6				-0.4	1.61	318.23	292.70	244.96		280.91	31 <u>S.57</u>	230.41	230.41
Philippines (22)21:					278.88	-0.7	0.62	214.07	196,90		162.84	280.95	-	-	-
Singapore (43)43;	.33 -0	.8 395.9			260.73	-0.7	0.96	435.71	400.77	335.38			465.21	371 <i>.2</i> 8	
South Africa (44)33:	1.92 1	.1 305.6			330.44	1.0	2.46	330.32	303.82	254.25			437.76	301.49	
Spain (35)21;		LS 195.7		182.37	225.35	0.1	2.78	212.71	195.65		1S1.68	225.08	228.1S	1 S 1.88	165.40
Sweden (50)420					455.00	-0.1	1.96	421.79	387.96	324.66		455.21	432.49	306.88	
Switzerland (35)246					217.46	0.2	1.34	246.36	226.60	189.63		217.01	254,34	222.56	
Theiland (45)6		2 79.7		74.30	87.53	22	3.91	85.17	78.34	65.56	72.75	65.60		85.17	192.03
United Kingdom (211)270		.5 253.2			253.21	0.1	3.75	27 S .07	253.00	211.73		253.00	283.17	224.39	
USA (654)	.10 0	3 294.0	8 <u>247.98</u>	274.02	321.10	0.3	1.85	320.27	294.58	246.52	273.55	320.27	321.10	254.79	259.08
Americas (823)29	.02 0	2 299.20	5 227.07	250.92	247,17	0.2	1.84	293.28	269.76	225.74	250.50	246.55	294.02	233.09	236.95
Europe (726)		.3 219.50		204.54	217.18	0.2	2.68	238.89	219.73		204.04	216.84	242.22	201.68	
Northe (151)370		D 338.90			345.12	0.0	1.84	370.19	340.50		316.19	345.09	375.85	275.13	
Pacific Basin (873)13		2 124,1			103.97	0.5	1.38	135.34	124.4B		115.59		177.01	133.54	
Euro-Pacific (1599)176		.3 163.67			146.72	0.3	2.11	178.47	184.15	137.37		145.29	1S1.51	176.40	181.50
North America (768)		2 287.A7			312.63	0.2	1.85	313.11	288.00	241.01	267,44	312.05	313.91	248.65	252.76
Europe Ex. UK (515)214		2 196.5		183.18	193.60	0.2	2.07	214.18	197.00	164.66		193.22	215.56	121.80	183.24
Pacific Ex. Japan (393)313				267.32	273.10	0.0	2.71	313,81	288.64	241.54	268.03	273.05	320.65	268.S7	291.42
World Ex. US (1812)182		3 157.17		155.78	152.66	0.3	2.06	182.05	167.45	140.13	155.49	152.21	193,47	177.71	193.53
		2 203.2		189.43	195.86			221.45							
World Ex. UK (2255)221						0.3	1.78		203.59	170.45	189.14	195.27	224.89	199.58	204.24
World Ex. Japen (1986)284	.Vr 9	3 260.15	219.38	242.42	272.32	0.2	2.1S	283.34	260.52	218.08	242.01	271.74	264.07	233.10	236.63
The World Index (2466)226	.64 0	3 207.56	175.03	193 <i>A</i> 2	201.10	0.3	1.98	226.05	207.52	173.99	193.07	200.54	226.97	202.32	208.64



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ESN'T CARE M. DO YOU?

of the Business of Travel, a new review which will appear four times a vear with the Financial Times, focusing on the latest developments in business travel and travel management. This issue, which has been timed to coincide with the Business Travel 97 show being held at London's Business Design Centre, from Tuesday February 11 until Thursday February 13, concentrates on developments in conferences and exhibitions. The range of articles, includes how to Charles Town organise your conference, how to keep the audience's attention, and how to evaluate whether it has been a success. In addition, there are reports on a wide variety of other themes. including the latest on air and rail travel, the hotel industry and 4027 travellers' experiences. There is also a special guide for business travellers to some of the main 10 mil 100 mile 3 65 centres in south-east Asia and a listing of important world conferences and exhibitions. Future issues planned for May 15, September 9, and November 20 will follow a broadly similar format, and will contain a section on an

elcome to the first issue

their experiences travelling on business, and on other topics of relevance to the international traveller are welcomed, and should be sent to: The Editor **Business of Travel Review**

important Industry theme,

and guides.

FT Surveys

together with regular features

Readers' comments on this

publication, on travel issues.

Number One Southwark Bridge London SE1 9HL

Business of Travel

Business travel is becoming more expensive after sharp rises in the cost of botels and air travel last year. American Express, the card issuer and husiness travel agent, estimates that hotel prices in many parts of the world rose by up to 20 per cent. US air fares increased by 11 per cent in the first eight months of last year compared to the previous year. according to Business Travel International, the global travel agency

partnership. The rise in air fares was partly due to the return of a US federal tax oo airline tickets, according to BTI, but heavy demand has also been

instrumental in pushing up prices. As the cost of business travel rises. travellers and suppliers have been redoubling their efforts to control costs, often at the expense of the husiness travel agent. Commissioncapping hy airlines has spread from the US into Europe, with airlines such as

British Airways. Lufthansa and SAS capping payments to travel agents on domestic flights, according to American Express.

Richard Lovell, executive vicepresident for northern Europe at Carlson Wagonlit, the business travel agent, predicts consolidation in the airline industry hut does not foresee an end to attempts to cut back on travel agents' costs. "There will be fewer suppliers and they will try to honges the business travel agent to sell direct to the corporate client or,

IN THIS REVIEW

in some cases, go over the heads of the corporate client to the business traveller." he says.

For this reason, business travel agents are generating alternative ways to earn fees in order to reduce their reliance on commission, Maria Lilia, senior vice-president of American Express' European business travel operations, believes that managing this change is the greatest challenge faciog the

company, Providing self-service tools to corporate clients is an important part of the redefined business travel ageot's role, according to Ms Lilia. American Express has been working with Microsoft, the software production company, to develop a real-time booking service for launch in the US later this year. This will allow

By Scheherazade Daneshkhu travellers to

reserve and book travel on their personal computers or laptops. The system can incorporate negotiated rates and travel policy guidelines, and the information is stored to monitor compliance and identify ways of reducing travel

corporate

hudgets Travel agents' expanding services include handling conferences. Jeff Reynolds, manager of group travel at Hogg Rohinson, the husiness travel agent which entered the conference market six years ago, says these

■ Travel management:

Serious travel budgets need serious management, so some companies are switching to agencies Page 2

■ Conferences and exhibitions:

While choosing the right speakers for a conference is important, there are many fundamental matters to consider Pages 3-5

events are the lastestgrowing part of the group's UK

business Marshall Freeman, chairman and chief executive of Miller Freeman Worldwide, the exhibitions and magazines division of United News & Media in the UK, says that business travel is being stimulated by the globalisation of marketing. which is leading to growing oumbers of trade fairs and exhibitions.

So far, husiness travel agents have been successful in managing this change. Mr Loveli says that Carlson Wagonlit's iocome was entirely commission-based 10 years ago hut now half comes from fees. The

Air and rail travel:

Outch authorities, faced with environmental protests, are looking at the possibility of an offshore airport Pages 6-7

Hotels and restaurants:

Business travellers are finding their accommodation expenses rising even though competition among hotels is intense. Page 8

company's target is to reach a 75 per cent fee basis by the end of next year, but he believes it is unrealistic to expect payment by commission to

disappear altogether. Moreover, some husiness travel agents believe that suppliers will not be as successful as they hope in bypassing pravel agents through oew

technology. The Guild of Busioess Travel Agents, the UK-based industry body, says that use of the Internet to make travel bookings could increase the iovolvement of the husiness travel agent after the emergeoce in the US

Travellers' technology:

PCs, cameras, radios and a host of other padgets are becoming smaller - and easier to pack, Page 9

■ Getting around:

Tips for travellers in six south-east Asian countries Page 10

of problems for both airlines and travellers dealing directly over the Net. The Guild says that some airlines are considering withdrawing from offering Internet-based reservations services because of "dummy" bookings which leave them picking up the bill for "sales" which are oot bocoured. Boca fide travellers, meanwhile, are left facing the frustration of being unable to obtain seats on a flight because of fictitious

"The cost to airlines through lost revenue and increased administratioo in eliminating dummy bookings could also be passed on to the consumer in higher air fares." said George Paton. the guild's chairman.

"The Internet has a significant role to play in the planning of travel, but professional help will be needed to make hookings for a long time to

■ Travellers' tales:

Three regular business travellers tell of their experiences and offer some advice

■ Safety and security:

Business travellers can be easy prey for thieves, especially at airports and railway stations Page 12



Travel management

Agencies are becoming iust the ticket

Serious travel budgets need serious management, says Amon Cohen, who looks at some of the services on offer

rocketing, especially in booming Britain. Spending on air tickets through members of the Guild of Business Travel Agents, who handle more than 75 per cent of all corporate travel in the UK. increased 17 per ceot in the year to last October 31.

The number of flights flown was up 8.5 per cent, suggesting that both rising ticket prices and increased overseas activity hy UK businesses are responsible. The GBTA's chairman, Tony Hughes forecasts a similar advance

In the face of such increases, husinesses are realising it is no longer good enough for each of their travellers' secretaries to book flights by calling their favourite retail travel agency. Serious budgets require serious, professional management. The question is, by

Most companies believe that a dedicated husiness travel agent is essential. These days, the agent will be less concerned with issuing tickets than providing the key management information for negotiating discounts with travel suppliers in return for guaranteeing minimum volumes of husiness

The old agency role of taking telephone orders and booking tickets is increasingly heing lost to electronic reservations systems, which travellers can call up on their own PCs. That does not mean, however, that a company can manage without its agent.

"The marketplace is so complex that our clients need our skills to understand it," says Mr Hughes, who is also managing director of P&O Travel, "Do they do their own

and the control of th

The cost of corporate travel is legal work? They need travel management advisers in just the same

His view is supported by Richard Cornwell, senior travel and functions manager at Price Waterbouse. "We could well be using a self-booking system hy this time next year but we will still need a travel agency to audit our activities," he says.

However, one area where travel agents are increasingly losing husiness is accommodation. There has been a trend recently for companies to hand this job over to specialist hotel booking agencies.

Price Waterbouse is one such example. It uses a travel agency for its general husiness travel requirements but an botel agency for its accommodation. Mr Cornwell says the agency's specialisation gives it enhanced negotiating power with hoteis and leaves it without the distractions of the other travel demands of its clients. The hotels sector is following the trend set hy conference organisers, a chunk of the travel budget bitten off by the specialists long ago.

Mr Hughes does not see the need for this segmentation - nearly all his members have hotel and conference experts, making it unnecessary to use anyone other than a high-quality husiness travel agent, he says.

With an array of travel consultancy agreements in place, companies must consider whether they need an in-house manager to co-ordinate them all. Having such a link within the company, however, is much appreciated by the agents.

"For larger companies. it is bet-



pany ticks to a degree that their £1m is as good a figure as any. travel agent, no matter how good they are, could not know," says Mr understands the way their com- travel manager. Mr Hughes says tog else, someone has to write the in the company.'

As chairman of the Institute of Travel Management, Mr Cornwell, Hughes. As for what size travel not surprisingly agrees with the ter to have an employee who budget merits a dedicated staff oeed for travel managers. "If noth- travel suppliers than anyone else

company travel policy," he says. "But by knowing the husiness and the people in it, we are also more likely to negotiate better deals with

COMPANY STUDY IBM

Suitable case for treatment

If ever a company needed radical action to control its travei expenditure, it was international Business employees to co-ordinate Machines. In the UK alone, "Big Blue's" travel spend has risen 20 per cent a year since 1994 to around (\$48m. In continental Europe, the company spends an "estimated" \$300m a year on

One reason for that dramatic rise was the reorgani-sation of IBM by business rather than by country. With an employee in Frankfurt as likely to bave a team memher in Paris as in Munich. demand for travel rocketed. But another significant reason for the rise was that IBM had failed to understand and control its travel hudget. Having between 40 and 50 different agents in Europe did not help.
"We needed to get a better

handle on where we were spending money with airlines and hotels," says IBM commodity operations man-ager Bob Gisborne. "We could not do that with our own systems, so the ohvious tool was a travel agent. The trouble was that when we looked at how much we spent with British Airways, for example, it was a very manual exercise because we had to go to each country and to each ageot within that country to get the fig-

Consolidation with a single agent was the obvious answer, and in the last year IBM has awarded the whole of Europe to Carlson Wagonlit Travel, while American Express has picked up North America and JTB has won the east Asia contract.

Yet, although this was the ohvious answer, it took a borne. long time for IBM to find it in fact, it took eight years and several false starts.

According to Mr Gisborne, the biggest mistake among the earlier attempts at consolidation was the failure to enthuse iocal management. No matter how sound the case for using the same agency throughout Europe, it was very difficult to prise a local division away from the agent with which it had enjoyed a warm, trouble-free relationship for 20 years.

borne was to appoint a multinational team of IBM agency selection. It took the team 18 months to crack the task but it already seems to be paying off. In the UK, the alarming escalation of costs has been halted.

Next year, the goal is to move from cost containment to cost reduction by using the improved spending information for tougher oegotiations with travel suppliers. "We will be able to show the airlines exactly what would happen If we moved to another carrier. From now on, we will be able to switch suppliers with just one phone call," says Mr Gisborne.

But IBM will be able to impress the airlines only if it can make commitments to give them minimum volumes or market ahare on any given route. IBM must then ensure employees deliver those commitments by flying with the preferred airlines and not with those which give points towards their favourite frequent-flyer

The key here is to tighten and monitor the written travel policy. Previously confined to one sheet of paper that was routinely ignored by some countries, the new IBM Europe policy will be much more detailed about wblch suppliers may be used. Money is also being saved by tougher rules on the use of business class

"The need to travel is so great at the moment that we could do another three or four trips in economy for the same price as one husinessclass ticket," says Mr Gis-

With agency choice cracked and corporate policy on the way, Mr Gisborne's next mission is to hring hotel spending under con-trol. "That will he moch harder - employees want to stay at their favourite hotel, regardless of whether it is on the approved list," he says. But after a year of success on other travel fronts, don't bet against IBM winning this

Amon Cohen

NET NOTES Hotels Trans

Screen offers easy checks

own trip itineraries, tha Internet allows you to sample a range of electronic travel services, obtain fare quotations for flights and book tickets or hotel accommodation online.

If you're intending to visit a city for the first time, check by using any search engine for more background information than you could reasonably wish for. For virtually any big city you should be able to download maps, public transportation details and other essential information.

To ease administrative bottlenecks before you leave, there is a lot of official information which can help frequent travellers; for example, the US State Department's Bureau of Consular Affairs has an FAQ page covering passports and citizenship Issues (http://travel_state.gov/ppt_faq_html).

Other government sites offer similar information, or at the very least give you a phone number you can call for advice. Although experience in the US shows that airlines' remote

flight ordering, or 'E-ticketing', has yet to be proven completely error-free - you ahould always request a faxed or e-mailed confirmation if ordering remotely. There are several outlets which will cater for your travel requirements online. Among these 'cybertravel agents', Flifo (www.flifo.com) is a US service currently in test form for UK residents; which allows access to flight information and, using its Fare Beater function, searches for the lowest alternative prices for a

In the US, tickets can be ordered via a secure server and delivered through Federal Express.

Tha site's Travel Zone feature also has a range of interesting and helpful travel-related articles, And it is not just airlines which allow you to book online. Eurostar, the train service between London, and continental Europe.

booking facility at its site www.eurostar.com/eurostar When you arrive at your destination, many of the world's leading hotels will allow you to reserve your accommodation: through the Net. Links to leading chains can be found at www.hotelstravel.com/chains.html

If you are travelling purely on business, sites such as Worldmeeting.com (www.worldmeeting.com) - which bills-; itself as the "one-stop internet site for organising your : ; meetings" - can be useful since they will have details of hotel meeting and conference facilities, as well as suppliers ; of products for exhibitors and conference organisers. Never again need you be further than a phone call away

from an overhead projector. . . But when busy executives are finished work and looking for relaxation, there is no shortage of sites advertising local leisure activities, such as UK Golf (http://uk-golf.com), for

anyone planning to play and stay in Britain, with information on hotels, golf courses and golf-related travel agents. In the US, a similar example is Double Eagle Golf (www.double-eagle-golf.com), which organises golf and corporate hospitality packages designed around major sporting events, as well as incentive travel programmes.

 Stephen McGookin (steve.mcgookin@ft.com) welcomes suggestions for new business travel-related web sites. Also, ... check the Business Traveller section on the FT's web site;

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THE RADAY FEBRUARY

Conferences & exhibitions

Value for money and appeal are the essentials

Event organisers must keep an eye on changing needs, says Scheherazade Daneshkhu

The buoyancy of the for people with shared conferences and exhibitions interests instead of filling industry is linked primarily delegates' time with to economic conditions and the strength of individual industries. But the key to a euccessful event is being flexible enough to meet customers' changing needs.

Although the industry is onick to defend the importance of the traditional the face of technological advancee - such as little doubt that the for a number of years. traditional event is having to

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money in the cost-conscious the international meeting is 1990e ie increasingly fast becoming the rule important, while pressures rather than the exception, of time on companies streamlined for efficiency mean fewer employees are able to travel. And when they do, they tend to spend less time at the event.

"It is already difficult to get people to attend a meeting if they are not directly employed by the company sponsoring it." says Pete Brady, chief executive of Clearwater Communications, the London-based conference production company. "So the shape of conferences will have to change to make them more appealing."

Many delegates to industry conferences place greater value on networking opportunities than speeches, however senior the person

This means that many

presentations of company's message.

Teleconferencing may not be able to replace the attractions of face-to-face contact but is likely to become an increasingly important conference tool to link audiences in different conference and exhibition in parts of the world. The computer industry has used it to connect audiences in teleconfarencing and Europe with epeakers in business television - there is California's Silicon Valley

The incressing globaliaation of industries Delivering value for and markets also means that according to Sue Potton manager of sales for the UK and North America at the Queen Eiizabeth Conference Centre in ever-greater attention to detail to ensure a

> conference activity is still buoyant and is continuing to be stimulated by the scope for niche shows, according Marshall Freeman, chairman and chief executive of Miller Freeman Worldwide, part of United News and Media, which last year took over Blenheim to become the world's largest exhibitions organiser.

stimulus to the US industry

trouble-free meeting. In the US, exhibitions and

"The markets in the US are big enough so that niche industry shows are large events in themselves," says Mr Freeman. Another

Video-conferencing has for years been popular for linking small groups. Now the technology is making advances in the conference and exhibition industries to use trade shows to exhibit their products directly to retailers instead of business buyers. This method is used to bypass or supplement the

distribution. Asia remains the fastest growing conference and exhibitions market with the

overseas product suppliers to Mr Freeman. Patricia Conibear, manager for Europe at the Hoog Koog Convention and Incentive Travei Bureau, says that over the past few years the traditional route of region's growth has been led by its fast-growing contacting an importer for

economies and the value of its potential audience. Trade bodies have taken shows to where the buyers are, while only potential limiting factor professional associations

is coming from the trend for being venue space, according have gone to the region to attract new members. China is emerging as a

potentielly conference and exhibition destination and, after the British handover of Hong Kong to China on July 1, Hong Kong is positioning itself to become the hub for shows aimed at trade between China and the rest of the world.

South America is also an

increasingly attractive exhibitions. exhibition destination, but The number of visitors can suffer from a sbortage of grew by 12 per cent to just

good quality space. Exhibition activity bas maturity of the market and the continuing recession in Germany and France. The rose in 1995 by 6 per cent compared to 1993 - the

under 30m, according to the

European Major Exhibition grown in Europe despite the Centres Association. "The growth in the level of participation at exhibitions is an encouraging sign for number of exhibition days the industry as much of Europe was still weathering the recession in comparable year due to this period," says Micbel the two-year cycle of Berroeta, president of the

associetion. In the UK, the 1996 compared to 1994. according to the British Tourist Authority, while the number of exhibitions grew in line with the European everage. However, the number of visitors to exhibitions declined by 6 per cent to 9.71m from last



Exhibitions have become far more sophisticated in recent years, says Motoko Rich

Trade exhibitions have come Company which organised a long way since the days the show, last year ran a a long way since the days when visitors were shepherded into a hall full of booths and stands, garnished with a few yards of red carpet and some advertising.

Nowadays, exhibitions are far more sophisticated, with organisers adding seminars, workshops and even conferences to the fare as exhibitors try to tempt their visi-

tors with new products. While free-standing exhibitions provide exhibitors with the chance to exchange ideas and see how their industry peers operate, visitors are less well served if they do not have separate forums in which they can meet each

Seminars or workshops give business visitors that opportunity: in a room together, they can exchange views, learn how others in the industry handle difficult problems or discusse the

One example is provided by the Royal Smithfield Show, the exhibition for the UK farming industry. P&O Events, the subsidiary of the Peninsular & Oriental Steam

company

One team...

forum on BSE (or "mad cow disease") for the visitors. "The seminars are a very key part of the show, we promote them as part of the visitor package," says Jonathan Goold, managing director of P&O

Seminars provide organisers with an arena to develop the concept of the exhibition beyond pure product demonstration. At their best, secondary services like seminars should stimulate the visitors, giving them a reason to attend the exhibition that is almost distinct from

Events.

the product displays. Mr Goold says the seminar component became more integrating several forms of popular during the last communication," says Nick recession, when exhibition attendees were not buying . many new products, but organisers still wanted to entice them to the shows. "So we increased the content in the show, adding a business and an intellectual componant as well," saye Mr

Goold. trade publications to pro- tary products.

mote and design the content of the seminars and exhibitions. "They can help us get the right speakers," says Mr Goold. "What we are doing is moving the show from being purely a day out into much more of a serious business

event." A seminar works best if visitors are able to spend more than one day at the exhibition, otherwise they may have too little time to take in the exhibits.

Organisers might also consider enhancing their exhibition with other supplementary services, such as an Internet web page for those who cannot attend. "Organisers should look to supplement their investments by Lamb, managing director of Crown Business Communi-

cations in the UK. While virtually all trade exhibitions are likely to benefit from the addition of seminars or other ancillary services, some events - such as the annual Ideal Home Exhibition in London - may not P&O Events works with be suited to such supplemen-

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MANUTENTION 18 - 21 WARCH

International Echibition of Handling Equipment and Logistics for Industrial Sectors and Distribution

SITL 18 - 21 WARCH

of Transport and Logistic

INTERMAT 22 - 27 WERL

International Exhibition

for the Civil Engineering

of Equipment and Technique

maison & objet

MAISON ET OSIES 10 - 14 PARE AIR The International Home Decoration, Galware



SALON INTERNATIONAL DU TOURS 23 - 27 (AVEAU)

EISIMA

SIMA 23 - 27 FEBRUARY SIMAGENA Genetics, Health and Feedstuffs for Coule Equipment and Techniques for Interesee Livestock Breeding

indigo

INDIGO 7 - 10 MARCH International Exhibition of Creation and Design for Fashion and Decomition



PRIMERE VISION-LE SILON 7 - 10 MIRCH



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INTERSELECTION 13-16 WH



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MIDEC 7 - 9 SEPTEMBER EQUIPMENTEL 18-23 SEPTEMBER International Show or Hotels, Restaurants, Cafes and Catering Industries POLLUTEC 97 POLIUTEC 30 SEPTEMBER/3 OCTOMER 13 th International Exhibition ol Environmental Equipment Technology and Services

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Conferences & exhibitions

Motoko Rich listens to advice on organising a successful event - and discovers that the shape of a table can be as important as choosing the right speaker

Rectangular or round tables: could the success of a conference hinge on such a detail? Quite possibly. "If you want your delegates to have a chance to network, consider sitting people at round tables during lunch. This will facilitate conversation." says David Pegler, managing director of Miller Freeman

Delegates will meet and talk without the help of cir-cular tables, but details such as this can mean the difference between satisfied conference participants and bored, disgruntled ones.

Exhibitions, a subsidiary of

Britain's United News &

While there is no substitute for good speakers and a relevant subject, ancillary For as trivial as they may seem, the proximity of car parks and the frequency and length of refreshment breaks

"Never forget the fundamentals," says Peter Worger, general manager of the Asso ciation for Conferences and Events. "They are as imporyour tea breaks are late, or your lunch overruns, or your audio systems do not work, then you will get people fid-geting and things will start to fall apart."

A non-fidgeting audience is one of the holy grails of principle should govern the selection of the venue and the length of the sessions.

"No matter how dynamic a subject, if the delegates are not comfortable they will be distracted," says Mr Worger. "Sessions should be kept short and sharp. The viable attention span is normally about 20 minutes. To listen to someone consistently and coberently for 45 minutes is

Mr Worger warns that conference planners should be

SALARIA SALARIA SALARIA SALARIA



of audio visual equipment. "It is fine if the venue provides for easy understanding of the visual aids," he says. "But if Charlie is at the back of the hall behind a pillar, he won't see the equipment and be'll start to fidget."

the details are in order, organisers should leave themselves as much time as rossible before the event, You need very good and structured planning," says Adriaan Appels, senior manager in charge of corporate marketing at Europay, the European payment card consortium which mounts conferences for its memberhanks every other year.

For Europay's conference in Seville last year, Mr Appels and his team started preparations 18 months before the event. He is already husying himself with conference which is linked

tium's conference in Cannes. to be beld in September 1998. Europay has decided this event will be too large for it to organise on its own so it is asking a professional conference organiser for belp. For large conventions, this To make sure that all of may be the best ronte, although the cost of bringing in professional belp could

cost anything between

250,000 and 52m, depending on size and extravagance, A vital point - it would seem obvious but is sometimes given insufficient attention by organisers and ensure that the subject and content of the conference is appropriate for its audience and that the material pres-

ented is informative. Specific content rather than general is usually better, advises Mr Pegler. A several key questions about the product or products it is

Mr Pegler says a sales conference should convey whether the product is new or an upgrade of an earlier model, whether it actually represents a totally new innovation, what the implications and benefits of tts use are, bow it fits into the global market and who its competitors are, and what changes it will necessitate in the working practices of its He adds that a successful

conference will also involve a training or educational component. "People want both theoretical and practical content." Sales conference planners

are encouraged to present delegates with practical applications of the products. the details of the consor- to a marketing campaign At its conference in Seville

should be able to answer last year, Europay launched "Clip", an electronic purse that allows customers to pay with plastic rather than cash, even on very small transactions. To demontrate the new card to representatives of its member banks. Europay built a "model town" in which delegates could use a sample card to

pay for drinks postcards, newspapers and ice cream. At the end of the day, though, the best conference organisers remember what the delegates are there for. Planners should be focused and know what they want to pass on to the endience. Mr Worger warns organisers against using too many stylistic frills. He says: "A good speaker who is in a well-lit venue and has short sharp sessions usually gets a better reaction than any wizzy, dynamic technology demon-

Remember the fundamentals Mystery tour with a clear message

Communication is the objective, and unusual events can pay dividends, reports Amon Cohen

A couple of nights before Christmas, 800 employees of Rinjhaave Groep, a Dutch subsidiary of British Telecom, gathered in a car

park for a mystery tour. From there, a fleet of vintage buses conveyed them to a television studio, where they learned through watching a mock TV programme that the company was changing its name and branding to that of Syntegra, its sister

operation in the UK. After a celebratory party, they were returned to the Amsterdam car park in Christmas boxes awaiting them in the new company

This was an unusual conference by any standards. but Barry Murphy, bead of communications for Syntegra, a business systems consultancy, was pleased with the night's work. "We communicated with 800 people in a way that would not have been possible if they had not all been involved personally," he

Mr Murphy's department is responsible for all international conferences at Syntegra. He regards a of options for communicating with staff. It is the most effective of those options, but it is also the most expensive. For that reason, the prime any conference, as far as Mr Murphy is concerned, is to be clear about what communications purpose it

less expensive manner. "The worst reason for having a conference is that

serves and whether those

everyone else does," he says. "It is a hig investment by both the company and by employees, who will be spending time away from their work or their family or

Good reasons for staging one are: creating a forum for explaining company issnes; listening to staff views; and recognising and motivating individuals. "There is also likely to be much more creative strategic thinking eway from the day-to-day routine," says Mr Murphy. "It is a time to talk to other colleagues, especially from abroad, and to huild team spirit However, attendance at a conference is not a prize in itself - it is not an incentive trip. There should

always be a serious business core to the event." Before rushing off to book the pearest country hotel. Mr Murohy says a conference organiser should consider how the conference can be structured to meet these diverse requirements. He also has a seven-point list of tips for any company considering staging an internal conference: Make sure that a single

department or person in your company organises all conferences, otherwise time is wasted as non-specialists learn skills and knowledge they might only need once a year. Syntegra has a dedicated conference project manager who has specialised in the field for 15 years. There are many excellent consultancies that will help you organise your conference, but do not

simply set them a budget needs can be addressed in a and leave them to do the rest. "The basic ideas and objectives must come from the organisation," says Mr

Murphy.

Decide whether you want to stage the conference at the weekend, which is more of a hurden on employees, or during the week, which is more of a burden on the employer. "You have to balance the investment made by he individual and the organisation," says Mr Murphy. "We tend to organise conferences that start at the weekend and finish during the week, or

 By all means invite a celebrity to speak - but only for after-dinner speaking, not to facilitate the husiness sions. "We are all grown-up people," says Mr Murphy. "We know the celebrity is not from the organisation.

 Sessions do not have to be facilitated by senior management either. It removes barriers if employees see their peers take charge. However, a homegrown approach should be no excuse for anything other than a top-class presentation. "If it is sub-standard, then we are communicating that we cannot organise things and that is a waste of our resources," Mr Murphy save • Decide how long to allocate for work, social events and free time, "We tend not to give a lot of free time," says Mr Murphy. "That is not what we are

At one recent Syntegra. sales conference, 60 per cent of the waking hours were spent on business, 30 per cent on eating and other social activities, and 10 per cent on a team-building exercise which employees completed at their leisure.

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TV Monte Carlo conterence

international motor show

Transport and logistics fair

international tourism exchange

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Property investment financing fair

Clothing and home textiles exhibition

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FT world pharmaceuticals conference

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Worldwide licensing exposition

Channel tunnel conference

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mex marine conference

Travel, languages and culture fair

Media and marketing conference

SQE software quality conference

Metalworking trade fair

Paper conference

Morid investment markets conference

International food and drinks exhibition

Electronic comms & postal services forum

Accounting standards conference

Entech Assen environment confere

Pensions funds annual conference

Telecomms and computer conference

International food and packwing exhibition

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ndustrial cleaning conference

industrial & consumer electronics take

Power, environment, mining conference

EBIC information business conference

Middle East oil conference

MEOS energy conference

FBIC business infor

Security exhibition

Travel trade fair

Transport '97

Leipzig book fair

Food and wine fair

Office, information and telecomms fair

Information and telecommunications fair

Environmental management conference

anti gastrononomy and tourism fair

FI world steel conference

Conferences & exhibitions

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Innsbruck

Hoteliers vie to be hosts

Events can account for a quarter of an hotel's annual turnover. Kate Bevan discovers how organisers can be wooed for their lucrative business

Do you dread the annual corporate Jamboree? The long flight - or loog drive if it is held in your home country? The agonising experience of having to be seen to be having fun?

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If it is any consolation, it may be even worse for the person who has organised the conference. The planning will have been a long drawnout, detailed and exhausting experi-

However, for the hotels that host them, they are a very serious business, generating a large chunk of revenue. Simon Hirst, general manager of the Regent resort at Chiang Mai in northern Thailand, reckons conferences and meetings generate 25 per cent of his turnover.

So how can hotels woo the organisers of this lucrative business? In some cases, it is location that wins the day. The Beverly Hills Peninsula hotel in California was a prime spot for Walt Disney to hold its recent press conferences to launch 101 Dalmotions. Situated discreetly in the middle of the stars' favourite district, and hoasting the only five-star rating in the city, the quiet hut convenient location was probably more of a factor than the hotel's technical

The challenge for conference venues is to be different. In Hong Kong, for example, there is no hotel that cannot offer variations on a Chinese theme, complete with dragons, But the organiser who is up to his or her eves in dragons might want to hold at least one meeting somewhere different. One innovative space is at the Peninsula, sister to the Beverly Hills hotel. It has recreated a feel for the golden age of air travel with its China Clipper lounge, complete with photographs and artefacts, which it uses mainly for guests arriving or departing by helicopter, but can also be hired out for small meetings and conferences - and not a dragon in

It is a combination of things that leads an organiser to the final choice, says Richard Pavitt, a meetings and incentive travel consultant. "It's not necessarily the cheapest place that wins the business. After all, if you pay peanuts, you get monkeys." Rather, he says, it is the venue that offers the best package.

"It's in the detail. What I want is

for the event. For example, I want the smoothest possible arrival and faultless reception of conference del-But in many cases the final choice of venue may not be particularly sci-

event together with the best value

entific. A survey of 840 meetings planners carried out by American Express, the business travel agent. in conjunction with Meetings and Incentive Travel magazine, found that most organisers - 93 per cent rely on their own knowledge and experience when choosing a venue. Some 78 per cent said they relied on recommendations, and 61 per cent never use a conference placement

Mr Pavitt arrives at his final

rates, and sort out what else they might be able to offer." The "something else" is the added value - such as room upgrades at the conference

Then it's a case of going and inspecting the best two or three and negotiating nose-to-nose," says Mr Pavitt. Other organisers agree. "Familiarisation trips are hy far the hest way of evaluating a hotel and new venue," said one interviewed for the American Express survey,

Organisers also agree that the attitude of staff at the venue - from the manager down - can make or break a conference. Said one organiser quoted in the American Express survey: "For large events a dedicated Photell manager is always apprecichoice by a process of whittling ated." Mr Pavitt echoes this senti-ers and a plastic duc down and tough negotiating. "You ment: "You've got to keep all the been some conference!

the hest possible handling of the talk to the leading hotels, get their staff properly briefed. There is layer upon layer of people who are involved, and you have to work with them, not mop up after them."

Ultimately, the most successful

conference will be the one that has been planned minutely by both the organiser and the venue, and costed down to the last item. "You've got to have a minute-by-minute checklist. says Mr Pavitt. Others agree, according to the American Express survey. Said one: "Venues need to pay more attention to detail, and remember the customer is always right." Another said: "Check, check and check again." And that means everything, including the invoice: organisers have found themselves charged for all sorts of hizarre extras including elephants, fire extinguishers and a plastic duck. Must have



Tough conference or a temboree? Pleasant surroundings and good organisation make work more pleasant

Business

London hosts show

More than 30 new products and services are due to be launched at Business Travel 97, the UK exhibition dedicated to the corporate travel market which opens in London next week.

The unveilings will be made by top names in the airline, hotel, car rental and husiness travel management consultancy sectors.

A key feature of the

exhibition will be a series of seminars concentrating on communicating advanced business solutions and core travel management skills. The programme of morning and afternoon seminars will be supported by practical

The programme includes: How to get the best out of your travel agent · How to get the best tax deals as a husiness traveller. A beginner'a guide to planning and arranging husiness travel. How to exploit frequent flyer programmes.

· How to get the hotels you

want at the prices you want.

Those scheduled to take part in these seminars include Roeland Moens (managing director of Europear), Gavin Halliday (British Airways), Derek Jewson (Unilever), Mike Smith (American Airlines).

and Paul Wait (American

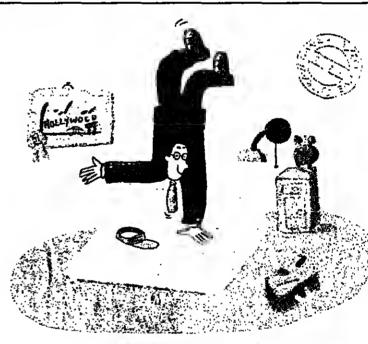
A new feature of the

Express).

exhibition this year is a series of lunchtime panel sessions. These will include a head-to-head between Peter White, director of sales at British Airways, and Paul Griffiths, commercial director of Virgin Atlantic. The exhibition, which is being arranged by Centaur Exhibitions, in association with Travel Trade Gazette, Business Traveller, and the Financial Times, is being held at the Business Design Centre, Islington Green, London between February 11 and 13. Further details: Tel: +44 171 287 5678; fax: +44 171

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8 MONTHS OF CHALLENGE AND SPECTACULAR PRIZES



Air & rail travel

Airports have to find the right balance

Roger Bray explains why offshore runways are likely to become more common

The Dutch parliament is about to open a national debate which will be echoed across the world and whose outcome whichever way It goes, will affect the price of flying.

At issue will be the balance between commarcial expediency and the environment - a term which in this case embraces not just nature but quality of life for people living under noisy

port. Amsterdam Schiphol. is likely to reach its capacity decade, but the problem is not one of space. It already has four runways and a fifth has been approved. Creating extra terminal capacity would not be difficult. For environmental reasons, however, the government has set

after that are offshore - in the North Sea, the Ijsselmeer (Zuider See), or in the port of Rotterdam. But first parliament must decide the issue philosophy. Does Netherlands want to continue competing for international air traffic?

About 40 per cent of Schiphol's passengers are in transit. How much benefit do they bring to the national

That is a question which noise lobby through the has dogged airport develop- operation of larger jets, but ers increasingly in recent years. It has featured promilic inquiry into plans to provincial airports.

build a fifth passenger terminal at London Heathrow.

Those developers know that many routes would not be viable without transfer traffic. Cramp its growth, and passengers seeking quick and convanlent connections will change aircraft elsewhere, services will die, the airport will drop out of the major

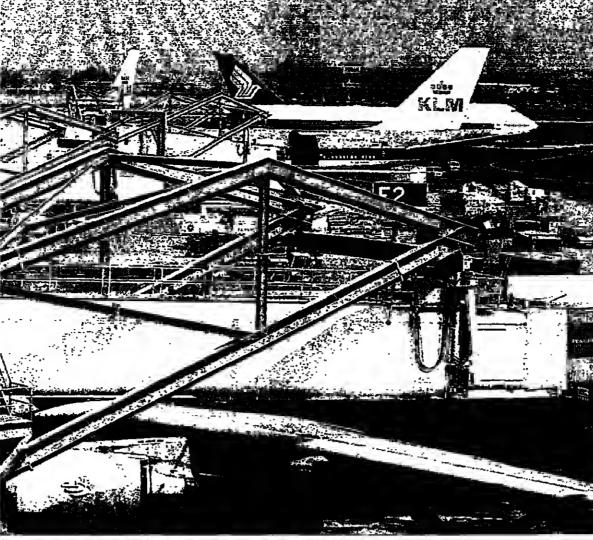
Inevitably, the argument light paths. has reached different stages
The Netherlands' main airaround the world, but it seems likely that more and more bub airports will some time in the next have to be built in the sea to appease local protest

In Asia, where at least £42bn of airport development is under way or planned, Japan's recently-constructed Kansai and Hong Kong's forthcoming Chep Lap Kok a limit of 44m passengers a both incorporate large amounts of land reclaimed The options for growth from the sea. There is talk of a third airport for Tokyo also on an offshore site.

Environmental demands are intensifying at a time when international travel and tourism is predicted to grow at an average rate of almost 6 per cent a year over the next 10 years.

For every plus there seems

to be a minus. Leading airports will be able to make greater use of runways and simultaneously combat the operation of larger jets, but the need to fill those aircraft - if they are built - is likely nently, for example, in argu- to encourage more feeder ments at the marathon pub- services from smaller,



Schiphol: Further expansion is being limited by the authorities on environmental ground

Electronic ticket machines are easing pressure on terminals by cutting check-in queues. But the impending abolition of duty-free purchases for passengers flying between EU countries is forcing airport operators to compensate for the loss of revenue by creating more

and former communist regimes to greater competition promises to cut flight delays by freeing more airspace. But the new business this generates will add to overall congestion. At one end of the scale, Albania's out-dated Tirana airport is undergoing a £22m

renovation; at the other, China, where traffic growth is dramatic enough to prompt a forecast that eventually it will be second

in volume only to that in the

US, is pumping £3bn into the

modernisation of some 100 airports. While it wrestles with such conundrums, the industry is facing continuing retail space. The opening of existing demands for smoother service, easier access and

less all-round hassle. Despite the argument over translt passengera, recently Heatbrow acknowledged tbeir importance by providing them with a new centre in which to work and relax example. between flights. Before long

incorporation of microchips in sultcases, allowing them to be tracked at all times. Limousine check-in for high fare customers, which can happen en route to the terminal entrance, has been introduced by at least two airlines - Emirates and the

Provided security demands can be met, ticketless travel will also ease pressure at airport check-ins, allowing passengers without base to pick up boarding passes from car park machines, for

UK'a Virgin Atlantic - and

looks like a sign of things to

There are some areas in

baggage, delivery is likely to which congestion will pay be improved by the short-term dividends. The busier the airport, the more It generates road traffic, for example. The more cars, the greater stimulus for airports to develop new public transport links.

It is happening in the UK, where the much-delayed Heathrow Express rail link with Paddington in central London will provide a welcome alternative from an underground train service shared with commuters. And it is bappening at New York'a Kennedy, hardly the world's most user-friendly airport, where "people mover" trains will soon replace the bus services

between terminals.

The picture is still fuzzy

Technical problems plague efforts to keep passengers entertained above the clouds, says Roger Bray

so unconvincingly. The prospect of interactive in-flight entertainment systems has been dangled for so long that it no longer seems such a radical advance. But because of persistant technical problems, bardly any airlines have installed them.

The real benefit of such systems is video on demand, which allows passengers to select a movie or TV programme at any time, simply by selecting it on a control panel. They may then watch it on an individual screen and start or stop it at

Some airlines already offer it to first or business class passengers - after a fashion. They carry a stock of cassettes which passengers slide into armrest slots. The disadvantage is that a fellow traveller may have grabbed the film you want.

Others provide hand-beld viewers. This has provided a stop-gap solution for United Airlines, which has run into serious difficulties trying to fit the latest entertainment

Though it already has built-in, individual screens on Boeing 777s flying to London, United Is introducing portable monitors to passenger flying on other interna-

tional routes. Air France is testing video on demand by remote control on one aircraft but is not yet happy with its reliability, and is likely to wait for the delivery of new aircraft fitted with high-capacity fibre optic cables before offering it more widely.

The UK's Virgin Atlantic will bave the necessary bardware as part of a new entertainment system on five aircraft due to be deliv-

Few revolutions have begun wards. It says the new jets will not bave fibra optics, which it doubts are a practical solution.

lt's neck and neck between Swissair and tha small UK carrier Debonair to lead the way with in-flight gambling. Singapore Airlines is likely to join them by the end of

"On demand" is the current buzz phrase. Interactive technology promises other benefits besides catching up with the latest cinema releases and playing a hand or two at blackjack. When the bugs have been removed. passengers will be able to shop from their seats. hire cars, and book botel

One reason those bugs proliferated is that airlines. finding it ever harder to outdo rivals with significant service improvements, were over-eager in their rush to install these new systems.

There are other, less costly ways of wooing the premium fare payer. British Airways, for example, is offering first class customers meals "on demand", instead of serving them when the cabin staff are ready. Long-haul club class passengers can graze at any time on snacks such as sandwiches.

Though it bas been possible to make telephone calls from most modern long-haul jets for some time, airlines have been loath to allow incoming connections because of the threat of bomb boaxes. In the US, however, you may now subscribe to a pager system.

The problem may be overcome soon in another way. consortium including BT, plans to offer passengers links with the Internet, ered by June and hopes to allowing them to send and have the software soon after- receive messages by e-mail.

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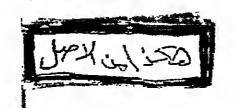






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THE BUSINESS OF TRAVEL

Eurostar seeks clear run of track

Some passengers wonder if prices are outstripping service. Charles Batchelor reports

Eurostar high-speed trains between England, France and Belgium have attracted back many of the passengers lost when services were suspended in the wake of last November's Channel tunnel fire. But capacity will remain restricted at least

THURSDAY FEBRUARY

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A total of 70,000 people were carried in the second week of January compared with the 100,000 who were travelling each week before the fire, though early January is traditionally a quiet time. Over the three weeks of the Christmas-New Year period, a respectable 220,000 people were carried.

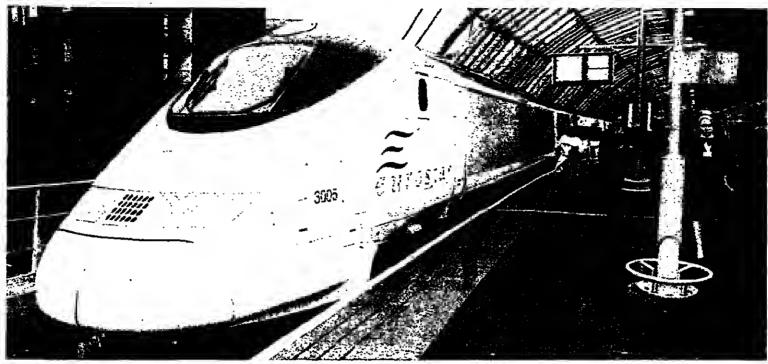
Repair work on the section of tunnel damaged by a burning freight shuttle is expected to take until May. hut Eurostar says it will take a week or so to reload its computers with timetable information and advertise its services to its customers. Despite the loss of 10

trains a week in each direction from the timetable. Adam Mills, chief executive of London & Continental Railways (LCR), Eurostar's parent company, is confident passenger numbers will soon be back to pre-fire levels.

The marketing campaign launched by the new marketing team which arrived from Richard Branson's Virgin group in early 1996 has begun to achieve results. A range of new fares catering for a much more highly segmented market has been launched and passenger numbers have begun to

were carried in 1996 compared with 3m the year before. The fire will bave set Platt, director of commercial back its targets slightly, hut Eurostar was previously forecasting it would reach an annual rate of 10m passengers - and financial break-even - within the next 18 months.

Some people in the travel tomer-oriented approach and



Euroster has had many setbecks. But figures suggest passengers are returning after the tunnel fire

industry question, however, introduced airline-style levwhether price is starting to become a barrier to further growth, in the early days. Eurostar offered relatively cheap fares and also benefited from the travel policies which required employees to fly economy class but allowed them first class train fares.

across the Channel not surprisingly opted for first class train travel, aithough Eurostar's top-of-the-range Premium First Class tickets are now more expensive than Nearly 5m passengers airline club class tickets, were carried in 1996 com- "Some companies are getting smart to this," says Mike affairs at Hogg Rohinson Travel.

The travel industry has welcomed the changes wrought by LCR since It took over Eurostar. It has developed a much more cus-

els of service. Tickets are interchangeable and can be booked on departure. A frequent traveller programme has been introduced, and an executive lounge has been opened at Waterloo International in London.

"But some people would say they bave pushed up Many husiness travellers prices faster than service," comments Mr Platt. "They have taken it to its furthest point. Only time will tell whether they have crossed the line. Travellers may also be deterred by the addition of between 20 and 30 minutes

to journey times at the moment to take account of the restricted capacity of the tunnel. Timetables have had to be juggled to allow "flights" of six trains including Eurostars, passenger shuttles and freight trains - an hour through the tunnel in each direction.

These delays have emphasised the importance to the long-term success of Channel tunnel services of completing high-speed lines in Belgium and the UK. This will allow journey times to be reduced, putting greater pressure on the airlines. At present, the London-

Paris journey time is three hours hut will come down to 2% hours when the British high-speed line is completed in 2003. The London-Brussels time is 31/4 hours, reducing to 2% hours when the Belgian high-speed link is opened in mid-1998 and 21/4 hours when the UK line is finished.

In the UK, plans to extend Eurostar services beyond London have suffered considerable delays, and Eurostar is now talking of a June start to services up the main west coast line and "late summer for the east coast services to the north of England and Scotland.

Eurostar has had difficulty in ohtaining approval from Railtrack to run its trains The prospects for the north of London. Their powerful electronic systems

The temporary service of two link trains a day from the north of England direct to Waterloo has been stopped, and Eurostar passengers will now he able book through-tickets on the regular mainline services. This will increase the choice of trains but means travellers will arrive at either Kings Cross or Euston in north London and must then cross the capital by Under-

pose a potential threat

to signalling and control

systems on the existing rail-

ground or taxi. This does, however, end the absurdity of dedicated Eurostar link trains carrying just a handful of passengers because the Channel tunnel security regime dictated

they could not carry domestic passengers as well,

launch of sleeper services through the tunnel looks increasingly uncertain, however, and the project is under review by Eurostar. The problems it faces are the technical complexity of the trains and the uncertainty of the market place. Will business travellers from Cardiff or Glasgow want to travel overnight to continental European destinations, even if they can be guaranteed breakfast-time arrival? Making a success of Euro-

star is proving harder than first envisaged. The initial forecast was that 131/m passengers would be carried in the first year, but in practice attracting business has involved getting a mass of detail right. Managers are making good progress, but there is still a long way to

NEWS IN BRIEF

Changi voted 'best' again

Singapore's noulent Changi Airport continues to set standards for the rest. Latest plaudit came from readers of Executive Travel magazine, who again voted it best in the world. They are not alone.

Another poll, published last year, showed that business travellers flying with carriers belonging to the International Air Transport Association also rated it number one -ahead of the UK's Manchester and Amsterdam'a

Crisp landing

Briefcase space is limited. Is there one thing, above all others, that you always carry aboard an aircraft on a long flight? For Sir Colin Marshall, president of the Confederation of British Industry and chairman of British Alrways and Inchcape, it's e fresh, white shirt.

Sir Colin, who travels at least once a week, says: "I always change shirts before we land. It makes you feel

Bangkok bouquet

Soon you will be able to order flowers from your airline seat - by tapping in e request on your individual computer screen. Until then, orchids are the best bet. Get a large box at Bangkok airport, for example, from around £10 But can you bring them through customs? Yes, says the ministry of agriculture, fisheries and food. The only cut flowers from non-EU countries which need special clearance are chrysanthemums, geraniums and

Ringing up big bills

Where in Europe will you pay the highest hotel telephone charges? Latest comprehensive data suggests it is still the Russian Federation, A report by consultants Pannell Kerr Forster Associates covering 1995 showed that, on average, guests there not only paid the highest room rates, but that payments for calls represented 6 per cent of hotellers' revenues - the highest proportion in Europe and nearly three times Italy's 2.1 per cent.

Bird's eye view

The idea of fitting external, closed circuit television. cameras to airliners was hatched for safety reasons. It was suggested they might enable pilots to spot an engine fire, for example. But after conducting tests, the UK CMI Aviation Authority decided they posed too many unresolved questions to justify making them compulsory. Flight deck pictures might distract the crew during the critical moments of take-off, for example,

Dubai-based airline Emirates has found another use for them. Its Boeing 777s have two, which allow passengers. a "pilot's eye view" of take-offs, landings and the en-route scenery over which they fly".

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27,000 exhibitors for 38,000 companies.

997 EXHIBITION CALENDAR

₹7-10 ₹	Macef Primavera '97 International Edibition of Tableware Household and Gift Items, Silverware Goldsmith's Items, Watches
7-10	Militapis Exhibition of Marble, Granite and N Stone in Architecture, Interior Design Art
21-23	Mifflor '97. International Editation of Floricultur Plants and Gordening Accessories
<u>~ 21-23</u>	Salone dello Studente - Campus Orienta School and training courses guidano
21-24	Saben Edibition-Conference Nature and H
3	W.I.T. World Investment in Tourism - Confee & Exhibition
26-12	Bit *97 International Tourism Exchange
28-14	Modamitano - Milanovendemoda Women's weer collections
28-14	Modamilano - Modit Women's wear collections
Head	Milano Collezioni Donna Women's waar - Autumn/Winter 199 1998 Collections
3-5	Mode in - Tessuto & Accessori International clothing testiles and accessories Exhibition
4-6	Promotion Expo

6-10	"R" Salone del Libro e della Comunicazione Religiosa
	4" Exhibition of Religious Books and Communication
6-10	Domus Acta - Salone per i Luoghi di Culto
	e le Comunità Religiose Edibition for Places of Worship and Religious Communities - Edibition of
	equipment and services for building, restoration, furnishings, religious objects, paraments, art and music, culture, social activities and associations
13-16	71 Mipe! International leather goods market
.13-17	Mifur for and leather Edulation
18-22	tpack-trna *97 International Exhibition Packing and Packaging, Mechanical Handling, Food- processing Industrial Mechinary
19-22	Tau Expo *97 6* International environmental technologies and services Conference Exhibition, 6th Human Protection, Civil
21-23	Defence and Fire-fighting exhibition Millamo Fil *97 International Philatelic exhibition
21-24	
9-14	36 Salone Internazionale del Mobile Internazional furniure Show
9-14	Eurocucinta 12 International Kitchen furniture and furnishings exhibition
9 14	Salone del Complemento d'Arredo
9-14	Furnishing accessories 9° Eirnes
	Biennial International office furniture exhibition

	24-27	Zoomark 7º International Exhibition of Products and Accessories for Pets
	G 04 00	Sicof '97
	2 24-20	17 laboration determine come
-	7.	17" International photography, cinema, video, audiovisuals and photofinishing
r	7.4	exhibition
	24.99	Sim Hi-Fi '97
		27º international musical instruments, hi-
F	3.4:	ii, consumer electronics, video and
ects,	45=	multimediality exhibition
ects,		TO - 12-
cia	->5-10	Plast'97
	700	International plastics and rubber exhibition
	27.10	
	7-10	Sernau Caddi Specialized computer aided technologies
	12	equipition
	9-12	Tex Fair
	73.	Exhibition of furnishing textiles
od-	9-12	Mido '97
	32	International optics, optometry and
	7.6	ophinamology exhibition
	22.96	Intel '97
	437	15h International Electrotechnics and
4	G.7	Electronics exhibition
	2 44	
	· 4 3-5	Modaprima
	-	International britweer and dething
	3	echibition
ifion	4-7	Movint '97
		7th International materials handling
0		ethicition
•	6-9	Chibidue '97
	1.7	International exhibition of gift articles,
	27	perfumery items, costume jewellery and
d	1.5	smokers' supplies
-	Fin 6-9	Chibimart '97
	127	Exhibition Market of Handicraft Typical
-	23	Products
do	₩ 2 11-15	Juniors
	m	
	29-1	Mias Estivo '97
	2.0	International sportswear, sport articles and comping equipment exhibition
	. 71	कार त्याकेशदै व्यंत्रेशस्य स्वापालका

₹ 5-7	Progetto Intimo 1997 Underweer Edubilion
£ 4-7	Micam - Modacaizatura International feotwear exhibition
temes 5-8	Macef Assume '97 International Editation of Tableware, Household and Gift Bens, Silverware, Goldsmith's Bens, Watches
5-8	Bijoux '97 Costume jewellery exhibition
16-21	Eicma Moto '97 55' International matercycle exhibition
16-21	Eicma Bici '97
18-21	55° International bicycle exhibition 72 Mipel
18-21	International leather goods market Mitech
:	Biennial International tools, hardware do it yourself exhibition
18-21	MLGA. Milano Garden Show
	4th Gardenina Echibition, Products,
	Machines, Equipment, Garden Furnitu and Services for the Maintenance and Upkeeping of Gardens and Rural Area
29-a1	Moda In - Tessuto &
	Accessori International defining testiles and accessories Exhibition
2-6	Smau '97
6	34th International Editibition of information & communications technol
3.7	Modarnilano - Modit Women's wear collections
3-7	Modamilano -
7	Milanovendernoda Women's wear collections
₹ 3-7	Sposaitalia Govern and accessories for the bride a formal ceremonies

	100	Milano Collezioni Donsa Women's wear - Spring/Summer 1998 Collections
	2 15-16	25 Expodental -12 Expotecnodental
	8	Exhibition of equipment and materials for dentistry and dental technology
	76-20	lists. '97 10th International Audio, Video,
		Broadcasting and Telecommunications Sho
	17-19	Exhibition about early childhood and puericulture, preschool and summer toys
	18-20	Intersan '97 26th International Exhibition of technical
		and sanitary arthopedics, sanitary article
	21.	appliances, haspital equipment, surgical consetry, sanitary articles for infants and aids for disabled
and	19-24	64 Mifed Gnema and Television International Multimedia Market
	21-24	Mac '97
		35th International exhibition of analysis, research, monitoring and biotechnology equipment and chemistry apparatus
s	21-24	Mosan 15th National sanitary articles exhibition
	22-25	Vitrum '97
		Specialized International Exhibition for flat, bended and hallow glass
	23	manufacturing machinery, equipment and plants; glass and converted products for industry
	28-30	Boritec
357	1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	9th International Cooperation, Development and Investment Exchange
	2 19	La Mia Casa '97
	1	28* Exhibition of the interior and furnishings for the home
	2 7-8	Mediterraneo Private
ad .	<u>.</u>	Labe! Mediterranean Private Label Exhibition

	E	Exhibition of Innovative Formulas in Business and Services
r	Ø 7-11	Expo Food *97 International food and beverages exhibition
w	₹ 7-11 ₩ ₩	Expo Vip *97 International professional quality catering products, equipment and services exhibition
	(A)	Expo Tour '97 International exhibition of equipment, furnishings, supplies, technologies and services for tourism
5. 2	8-16	Arstiquaria 35th Edibition Market of Milanese Antiquarions
	20-22	Tecnoral! '97 Materials and technologies for indoor are outdoor technical curtaining and tensioned structures
	21-25	Sinnei *97 International Enological and Bottling Equipment Edibition
	21-25	Enovitis Vine-growing Technics Exhibition
1		Sport City Exhibition Sport and leture time Edubition- equipment accessories, casual and sportswear
ı		Abacus Exhibition Market of Computer and Telecommunications for Home, School or Leasure Time
		AF - L'Artigiano in Fiera Exhibition Mortet of Hondicust Products
	24 94	Modaprima International knitwear and dailing exhibition
	2	Natale in Fiera Christmos of the Foir



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Hotels & restaurants





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Room rates remain firm in spite of tough competition

Business travellers are beginning to show resistance to paying higher prices for accommodation, particularly in London. Scheherazade Daneshkhu reports

increasingly expensive hotel hills in many parts of the world. Strong growth in demand for hotel accommodation by both business and leisure travellers is sustaining already high hotel rates in the main commercial cities, according to American

Hotel rates worldwide rose last year by between 15 and 20 per cent, following a similar rise the previous year, according to the

"Demand for hotel rooms continues to be very strong, particularly in the four and five-star sector." says Borge Ellgaard. vice-president of the hotel relations division. "Cities which double as both business and leisure destinations - such as Loodon, increase published rates and

Business travellers are facing New York and Rome - have seen significant rises for the second year running."

Loodon hotels, particularly at the top end of the market, have pushed through some of the highest rises. Business travellers are the largest source of husiness for London's five-star hotels, accounting for 72 per cent of guests, according to Arthur

Andersen, the accountancy firm.
It found that average room rates at five-star London hotels rose steadily over the year from £152 per night, excluding tax, in the first quarter of last year to £175 in the third quarter.

Occupancy rates rose to more than 80 per cent in the third quarter. "This strong demand has allowed luxury hotels to

reduce the volume of special rates on offer," sald Arthur Andersen.

Although the rise in UK room rates is high, the picture acros Europe is patchy. Room prices in Paris have increased by between 5 and 10 per cent but in Rome, hotel prices bave been rising as strongly as in the UK. Strong demand in New York has also led to significant rises.

Mr Ellgaard said that further es, particularly in London, could jeopardise the rate of growth of the travel market. Business travellers are already beginning to show resistance to paying higher prices, particularly at the upper end of the market.

remains intense as international and Vista hotel brands.

cover as many areas of the globe as possible. The drive for global expansion was the spur to the agreement signed last month between Beverly Hills-based Hilton Hotels and Ladbroke - the UK group that owns the Hilton name outside the US, through its Hilton International subsidiary to reunite the Hilton hotel hrand worldwide.

Both companies are oow making reservations for each other's hotels through their jointlyowoed reservations system. Another benefit for customers is that HHC's Hilton HHonors Worldwide loyalty scheme bas been expanded from applying solely to Hilton hotels in the US to include Hilton International

The HHonors schema is the only hotel loyalty programme to allow travellers to exchange points for airline miles and exchange airline miles for points, However, competition to according to Hilton. The scheme attract business travellers also covers Conrad International

zagat@zagatsurvey.com and the

Hardens via mail@hardens.com. Newspapers are the most

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Give diners the fax

Nicholas Lander brings himself up to date with the best eating spots around the world with the help of some restaurant guides

Keeping abreast of the restaurant scene in London, New York, San Francisco or Paris in its current expansionist phase is not easy as all sources of Information have specific

The British Michelin, The Good Food Guide, the Egon Ronay and the AA Guides are the most comprehensive but they are the least user-friendly in terms of format and weight. And, as annuals, they do not include the most

recent openings. However, their greatest practical advantage is that they invariably give a restaurant's fax number (and few these days do not have faxes). It is alweys advisable to confirm your hooking by fax, particularly it you want to eat at one of the larger restaurants where the opportunity for human error over a booking is considerable.

By contrast, the Zagat restaurant guides, which now cover 40 American cities and London, and the

amounts of number-crunched Harden brothers' guides to London slip easily into any data and lists - by area, cuisine and price - but sadly not the

briefcase or jacket pocket. These guides are based on diners' experiences and verdicts, guides regularly publish and rate restaurants numerically newsletters to cover the most on food, service and ambience. recent openings and have e-mail Consequently, they contain vast addresses: contact Zagat on

immediate source of up-to-theminute restaurant reports. But as restaurant openings increasingly become media events, a favourable review invariably means immediate full Should you have a tavourite restaurants' fax numbers. Both restaurant, where you lika tha

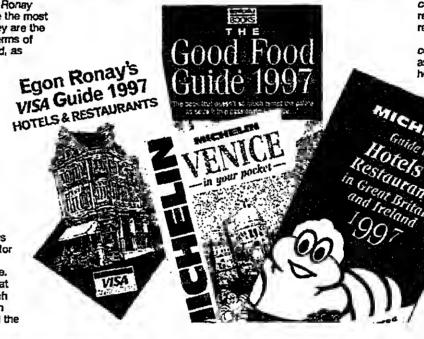
food and service and you are able to dine at a quiet comer table when you need one, frequent it; in today's competitive market, restaurateurs do appreciate regular customers.

Set-price lunch menus continue to offer excellent value, as do the albeit more expensive hotel dining rooms which, by contrast, offer space, a high staff/guest ratio, and a

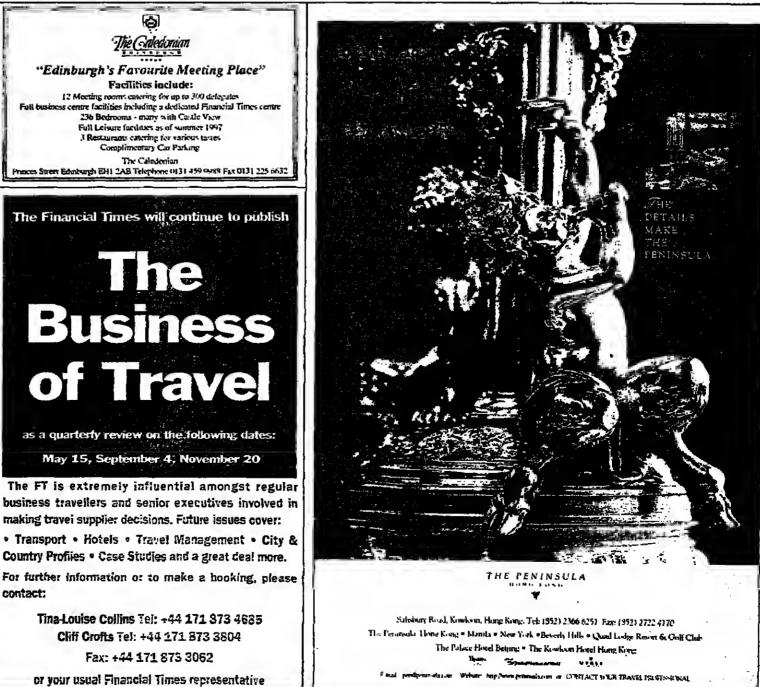
> cosmopolitan business travellers to Japan might like to consider packing a paperback copy of Richard Hosking's recently-published Dictionary of Japanese Food (\$20;

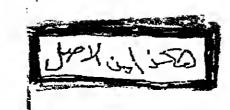
sense of calm. Finally

£12.99). The first book of its kind to appear in English, it will make travel in Japan or even a visit to a Japanese restaurant much









FT Surveys

TURSINE FERRE SEC. 180

Travellers' technology



A pocketful of little gizmos

Computers, cameras and radios are coming down in size. Roger Bray casts a lightweight traveller's eve over some of them

Travelling light is becoming easier, but temptation to stuff your cabin baggage with gadgets grows ever stronger. Reaping the benefits of miniaturisation requires increasingly thoughtful planning.

Tape recorders, short-wave radios and coffee makers have been made enticingly small - but will you really need them? Computer manufacturers are reducing the weight of some laptops by allowing you a choice of components instead of trying to cram everything into the sama box - but which to take and which to leave?

Do you need to take the laptop at all? The new Psion 3C palmtop, available in the two megabyte version for around £400 (£340 tax-free). comes with an infra-red device which enables you to point it at a printer and obtain a hard copy without having to carry a cable and jack. Later this year software should be available which will allow the transfer of information to a PC in the same fashion.

Other manufacturers are making palm tops, known as "personal digital assistants", with a stripped down version of Windows 95 software -Windows CE - which will perform in much the same way as it does on a desktop computer. Casio's Cassiopeia PDA, which is on sale in the US and should be in UK shops within a few months. already makes use of this.

Also coming soon is the digital video disc, a double-sided and layered CD-Rom or entertainment provider carrying up to 14 times as much information as those now available.

Forget work for a moment. Suppose somebody puts the Marriage of Figure on one of these discs. With the right equipment you could kill those long hours in flight watching it on your laptop screen, plugging in headphones and hearing it in stereo.

Certainly sucb screens have been getting bigger and clearer. Last year, Toshiba broke new ground with a screen 12.1 inches across. Now it has stretched that to 13.3 inches with the launch of its new Tetra 740CDT.

Already, navigating CD-Roms on laptops is taking less time; they now run at up to 10 times the speed of an audio disc Sadly, lithium-ion batteries, which offer the longest life. do not seem to be getting much cheaper. At the top end you could pay more than £200, which makes it all the more welcome that airlines such as American, United and the UK's Virgin Atlantic are either installing cabin power points or are about to.

Laptops have become more flexible. No longer do you have to carry the technology you do not need. Fujitsu's new 500 series Lifebook, for example, has a base which can house separate drives for CD-Roms. floppy discs, a second hard drive or an extra battery. It has also just unveiled the 600 series of "ultra-slim" notebooks with external floppy disc attachments. They clip on to "expansion bases", which include

floppy and CD-Rom drives. The advent of satellite television has reduced the importance of short-wave radios, but for those desperate to follow international cricket matches, catch the UK football results, or simply listen to BBC World Service news analysis, they, too, have become even tinier. The Sony ICF SW100, which retails tax-free at London's Heathrow airport for £175, is about the size of a pack of eigarettes (110mm x 24mm x 73mm) and weighs only 220

grammes. Cameras are losing weight and doing more. APS (advanced photo system) allows three settings normal, close-up and wide angle - in a shell measuring only about 1112in in x 2in x 4in, Canon's IXUS, for example, is the smallest camera the company has produced, yet it includes autofocus and a zoom. Film comes in a cartridge, and there are no negatives - you get a strip of contacts. Recommended retail price is £259, although if you shop around you may find it for a little over £200.

As the anopheles mosquito becomes ever more resistant to prophylactics, measures to avoid being bitten in the first place become increasingly important. An impregnated net will fold into a pack no bigger than an paperback book.

For those in too much of a rush to seek dental treatment, London-based Trailfinders now stocks an emergency tooth care pack



Drawings: Ashley Hamilton Lloyd

tar e Train

Forthcoming FT Conferences

- London Motor Conference 17 February 1997, London
- New Media & Broadcasting Conference 27 & 28 February 1997, London
- **World Steel Conference** 4'& 5 March 1997, London
- World Pharmaceuticals Conference
- World Water Conference 15 & 16 April 1997, London

24 & 25 March 1997, London

- FT City-Course Spring
- 21 April 9 June 1997, London European Electricity Conference
- 24 & 25 April 1997, Vienna Zambia Investment Opportunities Conference
- 14 & 15 May 1997, Lusaka **Electronic Publishing Conference**
- 19 & 20 May 1997, London Healthcare
- 21 & 22 May 1997, London
- World Aerospace Conference 12 & 13 June 1997, Paris

- ☐ World Gold Conference 16 & 17 June 1997, Prague
- World Aluminium Conference 23 & 24 June 1997, Londoo

7 & 8 July 1997, London

- European Telecom munications Conference
- ☐ World Stainless Steel Conference 15 & 16 September 1997, Dusseldorf
- World Motor Conference
- 10 & 11 September 1997, Frankfurt
- World Mobile Telecommunications Conference 30 September & 1 October 1997, London
- ☐ The Petrochemical Industry Conference 11 & 12 November 1997, London
- World Telecommunications Conference 1 & 2 December 1997, Londoo
- Venture Forum Europe '97 3 — 5 December 1997, London
- World Pulp & Paper Conference 8 & 9 December 1997, London

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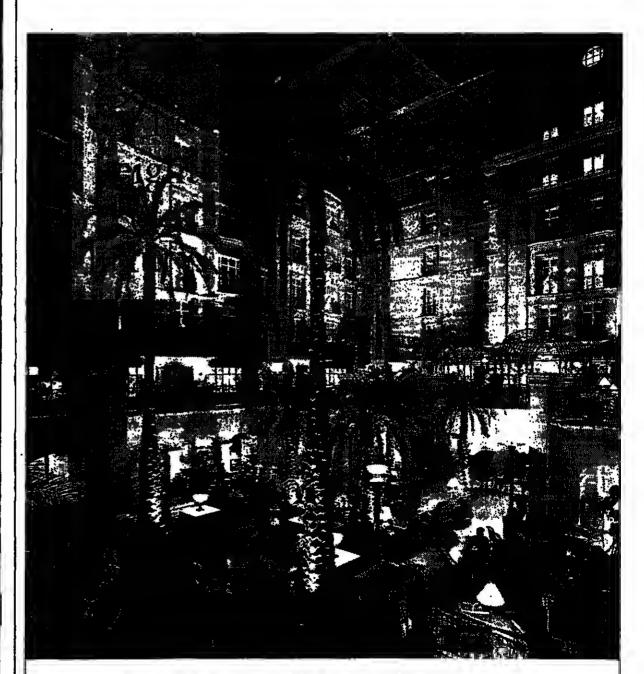
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AS INDIVIDUAL AS YOU ARE

Getting around: South-east Asia

Financial Times correspondents based in the region guide the business traveller round the main business districts, offering the first-time visitor and weary globetrotter alike tips to make their journey a little smoother

HONG KONG

scenes of Asia proper.

There is little hassle in the prime business district of Central, and taxi drivers usually speak enough English to reach the right destination. But wander beyond the confines of Central and you can come all too quickly

face-to-face with the screeching, reeking, teeming street

Nationals of most countries do not require visas, providing they hold onward travel tickets. Most visitors can stay for one to three months, depending upon nationality. British citizens, who are now able to stay for one year and do not require employment visas, will see changes after China resumes sovereignty over Hong Kong in July, although no final decision has yet been taken on the new

Airlines

Some 60 international airlines service Hong Kong, linking i to the west as well as holiday and business destinations within Asia. The international Kai Tak airport, one of the world's busiest, is small and just 20 minutes drive from town. But it is frequently packed to tha seams, which makes delays a hallmark of many trips.

Local transport

Transport is plentiful and cheap. Airport buses, stopping at the main hotels, run every 15 to 20 minutes and cost HK\$19 for the trip into town. Taxis, for the same distance, cost around HK\$100 - more if you fail to stipulate "old tunnel".

HK is sufficiently small and well-served by transport to allow visitors to stay in a variety of places, but most business travellers settle for hotels in Central or in Tsim Sha Tsui, on the southern tip of the Kowloon peninsula. The two districts are linked by underground train and, more pleasantly, by a regular ferry service which takes around 10 minutes and costs just HK\$2.

Top Central hotels include The Mandarin, The Conrad and the Shangri-La (HK\$2,500 - HK\$4,800) or, five minutes drive away, the Grand Hyatt (HK\$3,150 - HK\$3,950). The grande dame of hotels, The Peninsula, (HK\$3,100 to HK\$38,000 for the Penthouse suite) is in Tsim Sha Tsui, as are a number of slightly cheaper options including the Holiday Inn Golden Mile (HK\$2,300 - HK\$2,800).

Many hotels are heavily booked this year, especially around June/July.

Eating out

Much eating out is done in hotels, which are expensive and often lack charm, and in dai pai dongs - noodle stalls which are best avoided by the uninitiated. Two restaurants stand out - M at the Fringe, in Central (allow HK\$1,200 for two) and The Verandah Restaurant at Repulse Bay (similarly

INDONESIA

Jakarta, with its panorama of frenzied construction, shanty towns and rotting canals and worsening traffic jams, is a pedestrian's nightmare. For those who dare to brave the heat and pollution, the 500-year-old Sundakelapa harbour and northern parts of the city with its remnants of dilapidated Dutch colonial architecture can offer some

Visas

Visas are required for all except EU countries, US, Canada, Argentina, Australia, Brazil, Chile, Morocco, New Zealand, Scandinavia, Venezuela and Asean passport holders. Citizens from Portugal may face difficulties because of the ongoing dispute over East Timor. Anyone planning to stay for more than two months will need a permit, and a husiness visa may also he required in some cases.

Jakarta, Surabaya, and Bali are served by many international airlines. The national carrier, Garuda, serves the main commercial and cultural centres in the country, but there are more than 40 private and semi-private airlines. Sempati Air is a favoured one, but only the smaller carriers fly to the furthest corners of the archipelago. Their safety records are a much discussed subject on Jakarta's cocktail party circuit. Note that special permission from the immigration department is needed to travel to politically turbulent areas such as Irian Jaya and East Timor.

Local transport

Taxis are plentiful and come in various states of disrepair. Whenever possible opt for Blue Bird or Silver Bird taxis and check the chauffeur switches on the meter before starting the journey. There is a small surcharge for the journey between Jakarta airport and the city centre. Avoid private limousine touts at the airport; they always charge over the odds. Haggling with taxi drivers should generally be avoided. Most hotels can arrange private car services and plck-ups from the airport.

Hotels

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Most five-star hotels are conveniently located near the business district. The Grand Hyatt is considered the most luxurious (\$290 a night). Other popular hotels are the Mandarin Oriental (\$160), Shangri-La (\$210), and the Regent (\$195). Add 21 per cent tax and service.

Eating out

Business dining takes place mainly in five-star hotels and, as with most eating experiences in Jakarta, there is a trade-off between ambience and good food. Outside the hotels, a standard point of call is the Oasis restaurant which offers the traditional "rijsttafel" menu with as many as 10 courses. Pre-booking advisable. Cafe Batavia in north Jakarta, is situated in one of the oldest areas of the city and offers an extensive Chinese menu.



VIETNAM

Don't take the hair-raising journey into Hanol from the airport as a guide to the way things will be during your stay in the capital. Although the streets are a chaotic jumble of mopeds and hicycles, the city has bags of French colonial charm, and it's worth taking time out between meetings to enjoy it.

Visas

All nationalities entering Vietnam must obtain a visa in advance. If you are visiting for the first time and just checking out opportunities, a tourist visa (valid for one month) is usually enough. Business visas last either three, six months or 12 months and are usually secured by the Vietnamese organisation bosting your visit. If none is, try asking the Vietnam Chamber of Commerce & industry for guidance (International Relations Dept., 33 Ba Trieu, Hanoi. Tel: +844 824-8891; fax: 825-6446).

Airlines

Ho Chi Minh City is the husiness centre of Vietnam, and Tan Son Nhut airport - served by 18 international airlines its main gateway. Domestic air travel used to be a trying experience as the main aircraft used were ageing Soviet-made Tupolevs. All that has changed; now a fleet of Vietnam Airlines new European Airbus 320s will whisk you between Hanoi, Ho Chi Minh City and Danang. Book all flights well in advance.

Local transport

Taxis from Tan Son Nhut to the centre of Hanoi - often still called Saigon - cost about \$8. From Noi Bai airport to the city centre costs about \$18. In Hanoi, there is no finer way to travel than by cyclo-rickshaw. But they are slow, so avoid using them to travel between meetings. Hire a car from your botel for the business day then collapse into a cyclo and tour the colourful Old Quarter before dinner.

There are plenty to suit all ranges in Ho Chi Minh City; les choice in the capital. Most popular in Hanoi is the Metropole (\$219-\$449), a renovated former French colonial redoubt. Others worth trying are the centrally-located De Syloia (\$135-265) and the luxurious Hanoi Daewoo (\$140-\$629). in Ho Chi Minh City, popular choices are the Omni Hotel (\$200-\$800) and the New World Hotel (\$185-\$850).

Eating out

Vietnam has a challenging cuisine. in the north, Chinese influenced dishes prevail and rice is a staple. Down south, the food is spicier and fried noodles are popular. For authentic Vietnamese in Hanoi, book at Nam Phuong (tel: 834-0926). in Saigon, a table at Tan Nam (829-8634) should please. Don't miss lunch in Hanoi at Hoa Sua (81 The Nhuom Street), a charming al fresco restaurant serving a mix of Vletnamese and French food with bakery

PHILIPPINES

Don't expect the traffic from Manila's airport to the business district of Makati to get any better during your stay in the capital. It doesn't. Plan appointments with care and don't try to pack too much into one day or you will find yourself cursing in a three-hour jam. If you can, extend your trip hy a few days, escape from the chaos of

Most western nationals are automatically given a 21-day visa on arrival. Indian nationals, Chinese citizens and nationals from socialist countries require a visa in advance For stays between three weeks and two months, a visa sbould be obtained from the home Philippine embassy, although it is possible to extend your stay by application to the Manila Immigration Office.

Airlines

Manila's Ninoy Aquino International Airport is served by 37 international airlines. Philippine Airlines, the flag carrier. Cebu Air, Air Philippines, and AAI-Island Hopper are the main Operators of relatively inexpensive domestic flights.

Local transport

Official taxis from the airport to Manila's business district of Makati cost about \$14, but it is easy to find cheaper alternatives. As with all taxi rides within the capital, always ensure the driver puts the meter on, and refuse the offer of "pay me what you like" or you are guaranteed a colourful argument with him on arrival at your destination. Taxis are plentiful and cheap, but not always easy to hail, and it can be frustrating watching empty cars pass you by. Because the traffic is notoriously heavy, drivers frequently will refuse to take you beyond the local district. For this reason, it may be worthwhile keeping the driver with you all day. You'll pay more but will be spared the stress.

Hotels

The Manila Hotel (\$300 a night) is where Michael Jackson and President Bill Clinton stay, but for the more practical businessman it is inadvisable to stay outside Makati, where most of your appointments are likely to be. There is a good choice, including the Shangri-La (\$275), the Mandarin (\$250), Manila Peninsula (\$265). New World Hotel (\$240), and the

Eating out

Local cuisine is difficult to find - the country has many cultural influences - but Manila has some excellent cosmopolitan restaurants. The best tend to be in the top hotels - Boccarino's in the New World, the Tivoli Grill in the Mandarin, or for first class French cuisine, Cheval Blanc in the Shangri-La. If you would like something a little more enterprising there are some very good Italian (Goodfellas, Primavera) and Japanese (Sugi) spots in

MALAYSIA

Once-modest Kuala Lumpur (known universally as KL) is changing its stripes. It now has the tallest building in the world, the Petronas Towers. Officials claim that the city's telecoms tower is the tallest in Asia, and there are plans to build the longest building in the world, a 2-km structure which will snake on stilts above a muddy, polluted river.

Visas

Requirements vary, so check before you travel. Many nationals are granted visas on arrival at KL airport.

Airlines

Malaysian Airlines (MAS), which has a code sharing agreement with Virgin, files several times a day to KL from Europe, North America and Asian capitals. Its prices are generally competitive with those of Singapore Airlines, which also has many flights. Cheaper alternatives include Royal Brunei Airlines. Many people arrive in KL via Singapore, and there is a regular shuttle service between the two. Within Malaysia there are smaller airlines such as Saeaga but most businessmen are unlikely to encounter them. Trains are glacially slow and buses not much

Local transport

Taxis within Kuala Lumpur are infamous. Many empty cabs decline to stop. Those that do stop, often decline to take passengers. Those rare cabs that both stop and agree on a destination often do not use their meters and ask for vastly inflated fares. When it is raining, the sight of a forlorn foreigner who has forgotten his umbrella is liable to turn cabbles even more voracious. Solutions: ask your hotel to order a taxi well in advance; or hire a taxi by the hour (M\$25); or hire the hotel limousine (from M\$40 per hour).

Most business travellers stay in the Golden Triangle, the crowded business district where nearly all leading companies keep an office. Tha main hotels in this area are the Hilton, Shangri-La, Equatorial, Istana, and the Renaissance. Rates vary, but most charge more than M\$330 per double room per night. Malaysia's chronic labour shortage has taken its toll on some top hotels where shoddy service is not unusual. If your business is in the satellite towns of Shah Alam or Petaling Jaya, it is best to book a hotel in these areas.

Eating out

There are many good restaurants in the Golden Triangle, with much variety to choose from. For Malay cuisine try either Sri Melayu or Yazmin, near the Golden Triangla. Appetising Indian vegetarian food can be found at Ana Lakshmi, in the suburh of Bangsar, Carcosa, the former residence of the British High Commissioner, serves European food and has a jazz trio.

THAILAND

Bangkok's pace is hectic but things take forever to get done. Get into a rhythm: relax in the traffic between your one appointment in the morning and one in the afternoon.

Visas

Most western and Asian nationalities can enter Thailand without a visa; a 14-day permit is available on arrival. Two-month tourist visas are issued in one day at Thai embassies around the world, while three-month husiness visas (not essential unless you are arriving to take up residence) take a bit ionger.

Airlines

Bangkok is served by 66 international airlines, and is easy to get to. Within Thailand, Thai Airways flies to all major destinations and has connecting limousine services to smaller cities. Two smaller airlines connect some tourist destinations and provincial citles.

Local transport

From Bangkok's Don Muang airport the options range from limousine service (\$16-\$24 to most areas) to metered and non-metered taxis (\$5-\$15), for which you sometimes must wait. Most hotels will also arrange to pick you up, the price of which can range from free to expensive.

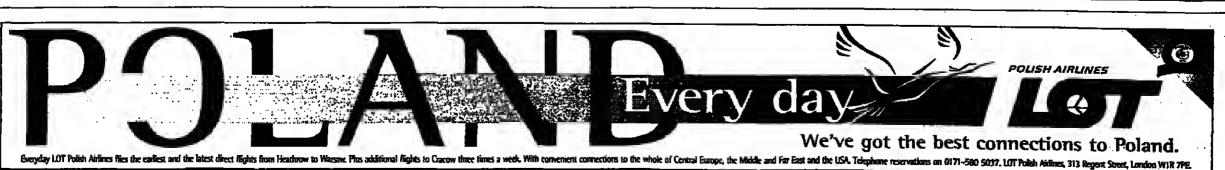
Unless you know where you're going and can communicate it in Thal, taking local taxis can be a trying experience. They are cheap, however, with most rides costing under \$5. Hotel cars with drivers are risk-free but can cost up to \$100 per day.

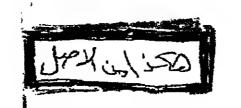
In an extreme rush, risk your life and take a motorcycle taxi. Don't hire a self-drive car unless you are travelling outside Bangkok and are prepared to get lost. Because of the premise that if you are wealthy enough to fly someone will be waiting for you with a car, it can be difficult getting local transport at some provincial airports unless you prearrange lt.

Location is key, stay close to where you work. The Oriental Hotel (\$256 a night) is Bangkok's top choice but may be too out of the way for many. The Dusit Thani, the Regent and the Grand Hyatt Erawan (\$170-\$215) are all central, while the Sberaton and Imperial Queen's Park (\$170-\$210) are best for those working in the Sukhumvit area. A good middle-level choice is the Novotel in Siam Square (\$115).

Eating out

Bangkok is an eater's paradise; Thai and Chinese (particularly for entertaining husiness clients) are the best bets, and most top hotels provide excellent
western fare. Try Ban Khun Phor (\$8 per person) in Siam
Square and Chao Sua (\$15-\$30) in the World Trade Centre. A
dinner along the Chao Phrayal river – River City Mall's rooftop BBQ (\$20) or a riverside hotel - should not be missed.







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Travellers' tales

Three business executives talk to Stewart Dalby about problems and frustrations encountered by busy travellers



David Burnside

Chief executive, David Burnside Associates

David Burnside (pictured left) is a firm believer in travelling with just one bag whenever possible, but for a different reason. He has memories of checked-in

baggage going astray. When I used to work for British Airways in the early 1980s we used to refer to Heathrow Airport as Thiefrow," he says.

You could never prove baggage was being tampered with, but it seemed to get lost all the time and if it didn't get lost there could be a long wait to retrieve it."

Mr Burnside, who is chief executive of David Burnside Associates, which is involved in PR, advertising and political communications and campaigning, feels that baggage reclaim has improved in recent years. but still prefers to travel

in Brussels and New York, and interests such as fishing in Africa, as well as frequent trips to Northern Ireland, he estimates he spends one week in four travelling, often to remote locations

He believes good organisation is the key to success. "It is important in eastern Europe and Africa to think ahead about what you are going to need for airport taxes, tips and taxis and to exchange money at the best rate," be says.

But even the best-laid plans can go wrong. Recently Mr Burnside was returning to Nairobi from a fishing trip near Mombasa on the Kenya coast. His party had checked in at the airport and waited ... and waited...and waited. After four hours the airline announced the flight couldn't go because the pilot had not turned up for work.



Les Middleditch

Sales and marketing director, Hogg Robinson BTI

grade of hotel. Each

passenger also has a file

airline and hotel. Mr Middleditch, who

travels to continental

save time and bassle. "I always try to take just

States," he says.

Europe or the US most

months, advises business

travellers to travel light, to

one bag, even on trips to the

"I never check in any luggage for the hold if I can possibly avoid it.

just hand luggage. The

aircraft lands and you

walk straight off. You

haven't got to hang around

for luggage. It is the same

"It is much easier to have

stating his or her preferred

Queues are the bugbear of many a traveller, and for someone who travels on business frequently they can mean a loss of valuable

Hotel queues appear at the top of Les Middleditch's list of pet hates. The sales and marketing director of Hogg Robinson BTI (pictured right) says: "Everyone seems to want to check out at the same time as me...usually first thing in the morning. Most business travellers want to get their work done and travel as quickly as possible." Checking out is getting easier now with computerised check-outs in individual rooms.

His company has a computerised profile of each client company, listing how

with booking in. It is much that company expects its quicker." Mr Middleditch also saves executives to travel, which class on aircraft and which

time on some trips by booking an aisle seat on the aircraft. "You can be first off the aircraft. If you are in the window seat you have got to tramp over everyone.

Another practice Mr Middleditch has adopted recently is chauffeured parking. This means you merely arrive at the airport and hand over your keys to a driver rather than driving around looking for space in

off-site parking.
He says: "It is especially good coming back. If you have got a mobile phone you can call through and your car is waiting for you by the time you reach the



Jackie Stewart

Chairman, Stewart Grand Prix

Jackie Stewart (pictured above), the former Formula 1 motor racing champion, travels extensively and believes in loyalty...his loyalty to an airline, hotel group or any another husiness that has proved

itself with good service. He always stays in the same botels whenever he can. The Ritz Carlton in Detroit and the Oriental in Bangkok are examples.

He always uses the same airline if possible, in his case British Airways. "This way they get to know you," says Mr Stewart. "The airline and hotels

require." Is there anything in particular that annoys him

know my needs and

I get the service I

Executive Club, with all the additional

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benefits that brings.

Diners Club

about business travel? "I get irritated when an airport doesn't provide adequate staffing for immigration and customs," he says.

"I think this reflects badly on the town or city. Miami used to be terrible, with great long queues, but has improved. Detroit could be better." Mr Stewart recently

moved from his home in Switzerland to Milton Keynes in Britain's Midlands to set up a new Formula 1 team with his son, Paul. He is chairman of Stewart Grand Prix, which is is being developed in conjunction with Ford.

He has his own executive jet for travel around Britain and continental Europe, but uses airlines for visiting the US and the Pacific Rim. "When travelling on business, which accounts for 95 per cent of my travels, I always try to take just one piece of hand baggage on the aircraft. I was forever losing checked-in baggage."

Mr Stewart, who reckons to be away from bome on business 200 days a year, estimates he travelled some 400,000 miles last year. He says: "You can easily travel with just one bag now because of the way the hotels have improved their services. Good hotels do one day laundry or overnight laundry. So even if I am going on a two-week trip I need only take two shirts, and two changes of clothes. You can have them washed frequently.'

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Photographs by Fergus Wilkie

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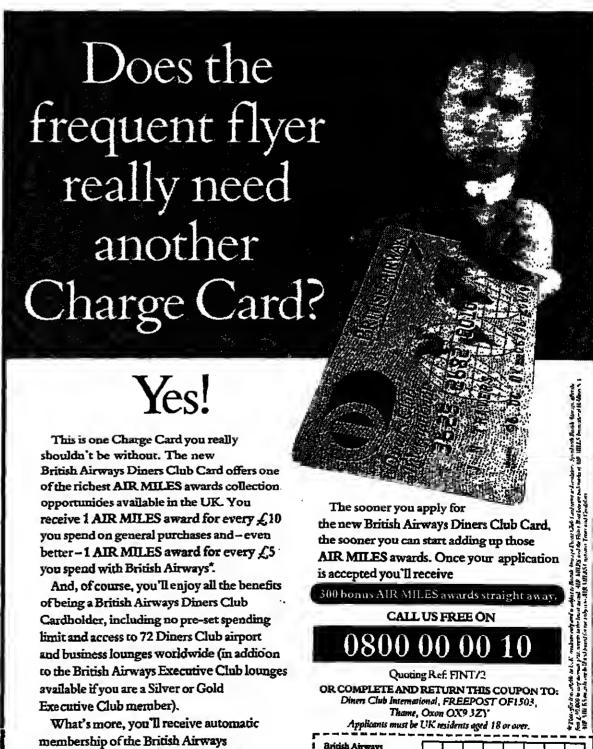
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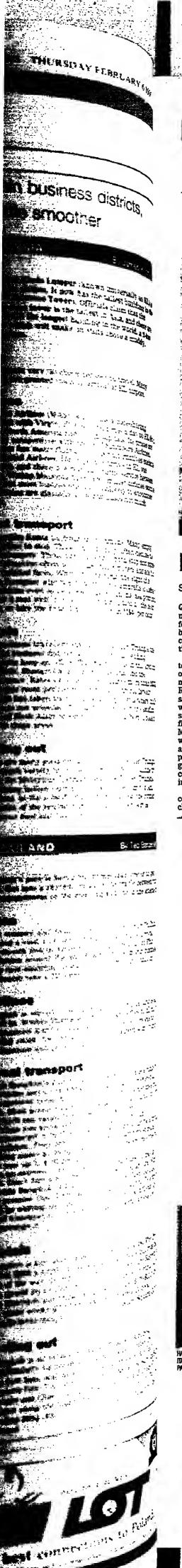
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CIRE SHERRY-NETHERIAND





Travellers' security and safety

Busy execs can be easy targets

A thief has probably got his eyes on you and your laptop PC or briefcase from the moment you leave home or office. Roger Bray reports

It is a moment of horror which has confronted many amount of distraction theft, as it should be obvious comfrequent travellers. You he says, where someone will arrive at the airport or rail catch your attention as you station and reach into your pay off a taxi, for example, shoulder bag for tickets and passport. Then the chill off with the computer. strikes. The zips, you realise,

already...by somebody else. hurry are juicy prey for the may lock their computers to quick-fingered dlp. An a table or chair. Marriott, unguarded moment or a cleverly arranged diversion are all it takes.

The advent of electronic locks. communications has produced a new hazard, however. A thriving market has grown up in stolen laptops.

There have been widely reported instances of passenconveyor belts, never to see them again. While you empty small change and keys at the metal detection arch, a travelling thief picks up your computer bayond off with it. The only defence

hardly surprising that the same advice applies at come back later and use the hotels. And while some secuthem are as yet a little bulky to smuggle out, they will also become targets as they get smaller. "Theft of laptops is unquestionably the biggest headache for business travellers in the 1990s," says Chad Callaghan, senior director of loss prevention for the Marrlott chain. "Mostly they disappear from meeting rooms while guests are out for lunch or a cof- advice to a hard-bitten busi-

There is also a certain sounding patronising. Just pay off a taxi, for example, while an accomplice makes

Some hotels provide opened cables, not unlike those which come with bicycle Business travellers in a padlocks, so that customers says Mr Callaghan, plans to fit meeting room doors with combination or key card

Cards which open hotel room doors when you swipe them through an electronic reader are frustrating when they fail to work but they are clearly more secure than gers placing them on X-ray numbered keys, which are still used at many hotels. Callaghan says his company is introducing them as rapidly as possible. Rex Rice, senior vice-presi-

dent for purchasing and the security check and walks standards at Inter-Continental, agrees that laptops are With some laptops now sures being taken have costing £3,500 and more, it is reduced the incidence of theft. "People can no longer same key, plus we can interrity experts say overhead rogate locks to see who went projectors which plug into into the room, whether it was guest or staff - and what level of staff.
"We have asked staff to

watch meeting rooms during coffee and lunch breaks. We are installing more security cameras and we are ensuring that every employee in the front of the house is part of the security structure." One problem with security is that it is difficult to give

monsense to double, or triple, lock your hotel room door, using the chain and a dead bolt if there is one, should check through the spyhole to see who is knocking. And just as you should always back up material on your laptop, carrying it on a floppy disc, so you should keep one credit or charge

card separate from the oth-

ers, for use in emergency. Using the in-room safety deposit box should be automatic, too. The main deterrent has been a fear that you will forget the number you punched in just as you are rushing to check out. That problem has been overcome at some hotels, where boxes operated by credit cards have been installed. The downside is that this makes it very easy for hotels to charge you for using them.

Most victims of travelling crime are insured - but that lsn't the point. It is not financial loss which leaves you white knuckled with frustration but the sudden feeling of nakedness, the loss of identifying documents. the need to cancel cards and replace them quickly. And, fortunately, most crimes against business travellers pass without violence, though not without instilling fear. In Spain, for example, gangs have followed passengers renting cars at Madrid's Barajas airport, waiting until they pull up at lights to swoop and rob them. A smashed window and a snatched briefcase hardly sets you up for a crucial



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Beware the muggers, 'cowboys' and crooked police

Some crimes are a permanent feature of many countries or cities. In others they come and go, Roger Bray offers a current check-list: In third world countries, dress down if you go exploring, take as little cash as you can get by on, cameras or laptops well concealed. Never use unmarked taxis.

 Muggings, sometimes violent, are a danger in Russian cities. In Moscow and St Petersburg, watch out for groups of children and vagrants. Travel only in marked

Policemen in the central Asian republic of Kyrgyzstan are far from wonderful. They are reported to be

carrying out muggings without even having the decency to change out of their uniforms. You should avoid riding in unofficial taxis there, too. Watch out for "cowboy" taxi drivers charging exorbitant fares into Paris from Charles de Gaulle

 Pickpocketing and handbag snatching are common in large Spanish cities. Avoid carrying credit cards, cash, tickets and passport in the same bag or briefcase. There has been an upsurge of car theft in Latvia. Use guarded car parks if possible. Visitors to the capital, Riga, and other towns are warned to steer clear of unlit streets The "honey trap" has gained favour recently in China. The sexual come-on is increasingly used not just to extract information from travelling businessmen but to get close enough to steal laptops and mobile telephones. It has been of cities such as Shanghai and the opening of more night clubs and smart hotel bars.

 Bogus policemen are a hazard in Iran and Romania. Their technique is to demand to see proof of identification - and then make off with cash or documents. If in doubt, demand they take you to a police station. And keep your passport separate from other valuables.

 Do not accept food or drink from strangers - it may be drugged. This problem has been identified in Russia, Bulgaria and Thailand.

• The UK Foreign Office says there is a "serious risk" of theft on trains

in Poland, perticularly on international services and especially when boarding. Passengers should keep valuables such as jewellery. watches, cameras, wallets, purses and passports out of sight. Don't walk alone at night in Almaty, or other cities in

 Crime can be blatant, in and around Panama City's Avenida Central, muggings occur in broad

Exhibition

ness traveller without business meeting.

Date		Event No. e	of Exhibitors	Date		Event N	o. of Exhibitors
1-3 Apr		Food Ingredients Asia '97	225	12-14 May	=	Oceanology International Pacific Rim	150
2-4 Apr	_	Mets Asia '97	250	13-16 May	\Box	Tax Free Assa Pacific '97	242
		Energy Week Assa *97	200	14-17 May	\equiv	SISEX '97 - 15th South East International &	200
3-6 Apr		Cosmetics, Hast, Beauty & Fashson '97 Singspore	[(4)	1		Construction Exposition	
9-11 Apr		Interop DotCom NetWorld + Interop - the Networking Summit in Asia	80 300			Incorporating: AIHEX '97: 3rd S E Asian International Builds Services Exposition	ng
9-12 Apr		Security Asia '97 Fire Safety & Rescue Asia '97	280 66			ALDEX '97: 3rd SE Assen International Hardwa Exposition	ite
]0-13 Apr		Boat Asia '97 Incorporating: Tackle Asia '97	250	٠		REHVAC '97: 2nd S E Asian International Refingeration, Heating, Ventilation & Air-con Exposition A/E/C System '97	
		Marina Asia '97 Commercial Craft Asia '97		16-15 May		Asian Diver Exhibition & Conference '97	250
		Water Sports & Dive Expo Asia '97		22-25 May	С	Zoorama 1997 Aquarama 197	52 J10
22-25 Apr	Ц	Assan International Cift Fair 97 (held in conjunction with Assan International	5548	27-30 May	\Box	Asia Pack '97/Asia Print '97' (AIF)	400
		Handicraft Fair '97 Asian International Stationery Fair '97) (AIF)		Z-6 June	C	The Annual Meeting of the International Socie for the Study of Lumbar Spine	ty 25
3-25 Apr		Asia Card Technology 97	50	1.5 June		Pharmaceutical Ingredients Asia '97	120
		Incorporating: Asia Banking Technology '97 InterAmport Asia '97	150	8-13 June		19th International League Against Rheumatism (ILAR) Congress of Rheumatology	220
		Sean Tech Asia '97	80	9.14 June	\Box	Asia Telecom '97	400
3-27 Apr		Consumer Goods Asia '97 - A Showcase of Products from Asian SMES	230	11-13 June		[]th International Symposium on Contact Dermatitis	15
		Art Expo '97	[50	17-20 June	₽	Shop Dengn Asia	200
•		TRESORS '97 International Fine Art & Antiques Fair For Asia (AIF)	55	18-20 lune	\Box	Cannex 97 - The International CanMaking Technology Exhibition	180
May		Homemakers '97	120	20-29 June	Ξ:	World Book Fair '97 Incorporating:	300
\$- 29 Apr		EDICOM '97 Conference and Exhibition on Electronic Data Interchange	20			12th World Chinese Book Fair World English Book Fair World Electronic Book Fair	
i-6 May	ū	SEMICON Test, Assembly & Packaging	170	26 29 June	Ξ	The PC Show '97 Sengapore	350
6-9 May		IMDEX Asia '97 - International Maritune Defence Exhibition & Conference Asia 1997	350		_	Incorporating: The Software Show 97	

